

Results of our reader survey on IT offshoring

The first question of the survey asked about the companies' attitude to IT offshoring. More than half of the participants (53 per cent) stated that they actively took part in offshoring. Only 20 per cent did not want to consider offshoring at all.

The majority of the companies see the biggest risk in offshoring projects as stemming from the cultural differences. Almost three-quarters of the respondents identified this as the main risk. A further potential danger for many is failure to comply with specified timetables. Overshooting budget targets, on the other hand, plays a subordinate role: almost three-quarters declare this to be less critical or not critical. One reason for this might be the fixed-price contracts that are common practice.

All in all, the participants appeared to be not yet totally happy with their offshoring experiences. None stated that they were completely satisfied with the results; more than 80 per cent were "partly" satisfied.

In response to the question as to the countries and regions in which they could envisage engaging in offshoring, the clear favourite was Eastern Europe. All of the respondents can imagine this region as an offshoring location, which is perhaps down to its cultural proximity. India, too, as a classic offshoring country, came off well at 85 per cent. It is notable in this connection that India is completely out of the question for as many as 15 per cent. Almost 68 per cent can conceive of Southeast Asia as an offshore location, with South Africa roughly matching that figure, although it does not yet enjoy the level of familiarity of an established offshore location. More than 80 per cent of the respondents stated furthermore that they would also consider other locations.

Asked about possible obstacles to offshoring, 85 per cent of those taking part quote linguistic and cultural barriers. Almost 80 per cent consider complex and lengthy processes to be an obstacle, and nearly two-thirds regard it as a hurdle that the quality of the services is supposedly difficult to assess. A lack of expert know-how, on the other hand, plainly does not constitute a difficulty: almost two-thirds see this as no problem.

That said, 83 per cent of the participants also indicated that these barriers had only partly been overcome by their offshore providers.

Asked about the extent of practical implementation, more than 40 per cent of those with offshore experience stated that they had achieved their objectives almost entirely. A similar figure of around 40 per cent had achieved between 50 and 80 per cent of their objectives. Almost all of the participants measure the success of their offshore projects in terms of expenditure, cost or time. Application quality is an assessment criterion for three-quarters

of the respondents. The added value for the business, however, is not yet the central focus for two-thirds of them.

The survey also asked about the degree of test automation. Here it became apparent that the extent to which test automation forms part of offshore projects varies greatly. In response to the question as to what degree of improvements is still required for the procedure used for test offshoring, all respondents state flexibility in processes: more than half are even of the opinion that considerable advances are necessary in this regard. The project launch phase also leaves room for improvement: all of the respondents consider it to be capable of development, and 42 per cent even declared that “considerable improvements” were necessary. All of the participants also consider it essential to see visible benefits even in early process stages, and with regard to dashboards and transparency at the project level, too, two-thirds see a need for remedial work. Almost 50 per cent of the respondents are satisfied with the ROI. The competence and compatibility of the offshore provider’s onshore teams, on the other hand, is classified by more than half of those surveyed as “good”.