

PMs Are Having Fun In IT Offshoring Projects! Case Studies

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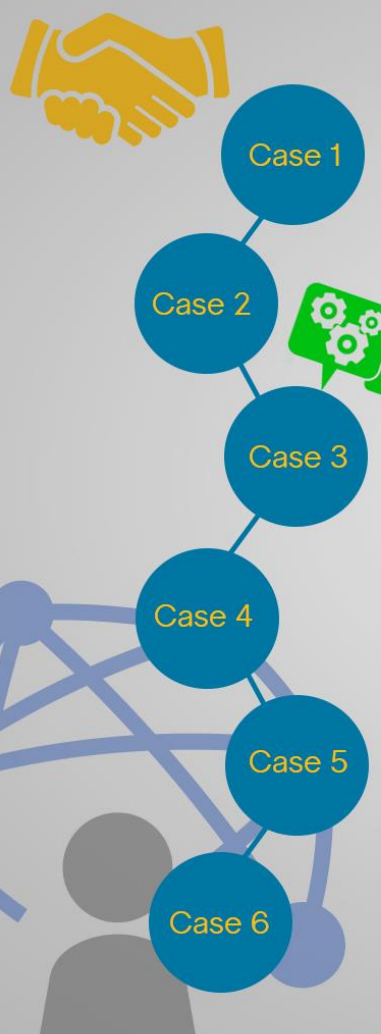
Available literature suggests that there is a significant growth in the global IT Offshoring market. Ever since the internet has IT Outsourcing/Offshoring is becoming a recognizable IT procurement strategy. IT Project Offshoring execution process has received the least attention in the literature, academics and practitioners signalize that a better management of the relationship will lead to a successful IT Offshoring. However, there is very little empirical evidence underlining how cross-border projects are run. The challenges encountered in the execution process are numerous and not always generic.

The purpose of this qualitative study is to identify, understand and diagnose IT Offshoring project challenges, particularly in regard with Project Management.

The Scope of the Research

The aim of this research is to get an acute insight into challenged faced by IT Offshoring projects, through multiple case studies. For the information gathering, structured interviews from voluntary participants were used. At its core, this research is qualitative in nature, and not quantitative, in that the neither the data nor the findings can be subjected to rigorous statistical or numerical analyses.

The interviews conducted were semi-structures and thus collected data narrative in nature. This data was analyzed using 'pattern matching' techniques that suit very well for a quantitative research model.



	AGREEMENT DESCRIPTION	PARTICIANTS VENDOR CLIENT	
Case 1	An American Multi-National IT provider with clients based in Europe and the US and offshoring partners in India and Sri Lanka.	Project Manager USA	Project Manager Sri Lanka
Case 2	An American Multi-National IT provider with entities in the US and the UK and offshoring partners in India and Sri Lanka.	Project Manager India	Project Manager USA
Case 3	A UK Multi-National IT provider with clients in Europe and offshoring partners in India and Pakistan.	Project Manager Pakistan	Project Manager UK
Case 4	An American Multi-National IT provider with clients in North America and offshoring partners in India, Jamaica and Aruba.	Project Manager India	CIO USA
Case 5	An Australian Multi-National IT provider with clients in Australia and New Zealand and offshoring partners in India and Singapore.	Project Officer India	Project Manager Australia
Case 6	An American Multi-National Software services provider with clients in North America and Software development partner in China.	Project Manager China	Portfolio Manager USA

a. Table: Details of Case Study Participants

Funding

Our analysis suggests that IT Offshoring relationship is strained by various factors. However, the present case study focuses on Project Management. These findings insinuate that Offshore Software Development projects experience numerous challenges in managing projects. The issues that were identified in this regard are:

1. Communication
2. Project Execution Process,
3. Harsh Contract Penalties
4. Trust

Communication

Due to the geographically distributed set up of the projects, teams have to rely solely on electronic and formal communication. This constraint impacted the efficiency of communication across teams. Cultural differences often exacerbate communication problems as well. For example, an email from someone in a culture where communication tends to be more direct might seem rude to someone from a different background. Different sense of time is another example that can lead to serious problems in interpreting deadlines.

Project Execution Methodology

Consolidated or Fragmented Processes were used for project execution. A Consolidated Process is a process employed by all distributed teams that share a standard project plan, structure and deliverables brought about by synchronized activities. Fragmented Process is a process in which each participant party runs its own execution process, in complete insulation of other parties involved.

Consolidated Project Execution

The studies cases showed consolidated execution to be less dramatic, but not without its own pain points. Despite having identified and allocated tasks; defined deliverables and understood dependencies, the culture of '*team leads*' eventually fragmented the project.

Fragmented Project Execution

Fragmented execution alienates various teams, deepens divisions and introduces geographical isolation among teams.

Using two vastly dissimilar execution processes in running a global project resulted in teams focusing more on implementation than project goals and business defined outcomes. There were cases in which one party opted for '*Agile*' while the other chose to use '*Waterfall*'.

Harsh Contract Penalties

Harsh contract penalties are used as preventive measures to safeguard the client's interest in the arrangement and to insure its cost savings objectives. Participants opined that such harsh penalties strained the client-vendor relationship, making it '*dependent and exploitative*', further negatively affecting the quality of delivered IT activities.

Trust

Regardless of the level of mutual trust between project partners, differences are bound to appear. In some cases, '*trust*' was not achieved yet in the relationship either because the agreement is transactional where there is no commitment to a continuous partnership or the agreement is recent and parties are still in the process of building trust.

Unfamiliarity with other teams also seemed to be a major obstacle in building trust. Trust is established through a long and organic process. It requires physical contact, informal communication, familiarity with each other's culture and at least some form of 'shared beliefs'. In cross-border projects, the geographical distance inhibit the organic and fluently natural process of establishing trust.

Conclusion

The biggest factor contributing to difficulties in project management in studies cases was observed to be communication. Lack of pre-designed communication processes is a prominent reason for this, along with geographical, temporal and cultural separation.

As far as using two different and incompatible execution processes is concerned, the negative impact was easily observed. When processes used are inherently different from each other and demand different treatment from all involved teams. Using two processes in the same project seems to have put more emphasis on the 'process' than 'execution' itself.

Other issues like lack of trust because of 'dependent' nature of client-vendor relationship and harsh nature of contract penalties also make project management a more difficult prospect. Trust and time difference are still unexplored fields of research in IT Offshoring setups, and there is much scope for more probing in these areas.

What I, however, believe in is the ability of people to quickly grasp and learn from their mistakes and experiences, notwithstanding their nature. Globalisation is not over, it's just starting up. With new cross-border trade pacts, free trade online, fast evolving business models like crowd sourcing and crowd funding, and most countries relaxing custom excises, Offshoring definitely has a bigger role to play in near future. Hence, understanding, learning from and not repeating the mistakes in project management in Offshoring setups is of paramount importance.

About the Author



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Adam Alami is a seasoned IT consultant with over 18 years' experience. Business Analysis and Project Management is his passion. His experience revolved around major business transformation projects. He is a versatile IT professional. He accumulated a wealth of cross industry experience with Tier 1 businesses in major projects in the areas of Enterprise Transformation, Integration, Migration, and Systems Modernization.

He has a track of academic achievements. He holds a Bachelor degree in Software Engineering from the Université du Québec à Montréal (**UQÀM**) and a Master degree in Computing from the University of Technology, Sydney (UTS).

Adam has a passion for research. His research interests are IT Offshoring, Global Project Managements, Banking Technology, Business Analysis, Information Technology and Culture, Enterprise Innovation and Business Solutions.

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