

Off-SURE

Grow > Lead > Globalize

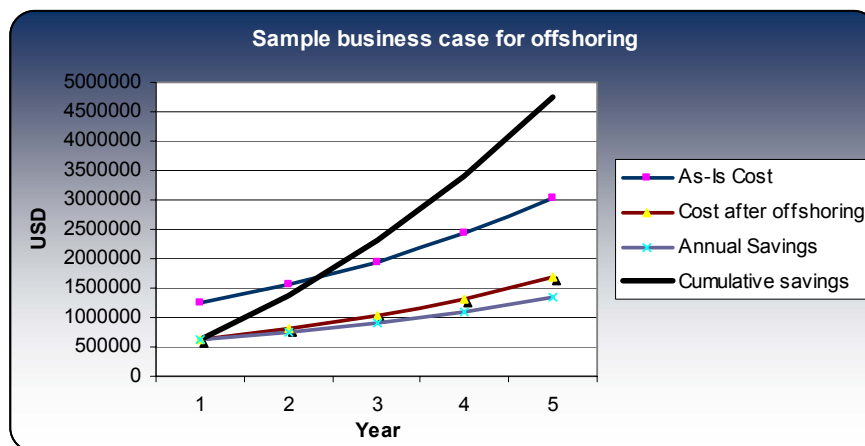
De-risking the offshore initiative and maximizing global outsourcing returns for Small and Medium Enterprises (SMEs)

Global Outsourcing of business services has benefited large organizations across the globe to impact their top line and bottom line through cost and skills arbitrage. Today the revenues from globalization of services stand at around 75 Bn USD. Services being offshored to countries like India, Philippines, China, Sri Lanka, Poland include amongst others BPO, ITO, Knowledge services like Research and Analytics, Clinical Trials, Legal, Engineering design and analysis. Savings from offshoring have been very attractive and will continue to sustain the cost advantage in the coming years. The other non-financial benefits like access to global talent pool, flexibility of resourcing, reduced time to market are fast becoming a source of competitive advantage.

Till now, the advantages of offshoring were mainly leveraged by the large corporate. The SMEs have not been offshoring actively because of limited know-how related to offshoring within the organization, perceived operational, business and financial risks and commercial constraints for seeking external advice. **A lot of engagements fail to succeed because of reasons like: lack of understanding of offshore SLAs, loose and inefficient contracts, unstructured governance and escalation model, poor solution design, limited awareness about potential vendors.**

However, if done properly offshoring presents a tremendous opportunity to restructure cost. The graph below depicts the savings opportunities that offshoring could lead to for a small-scale offshoring initiative:

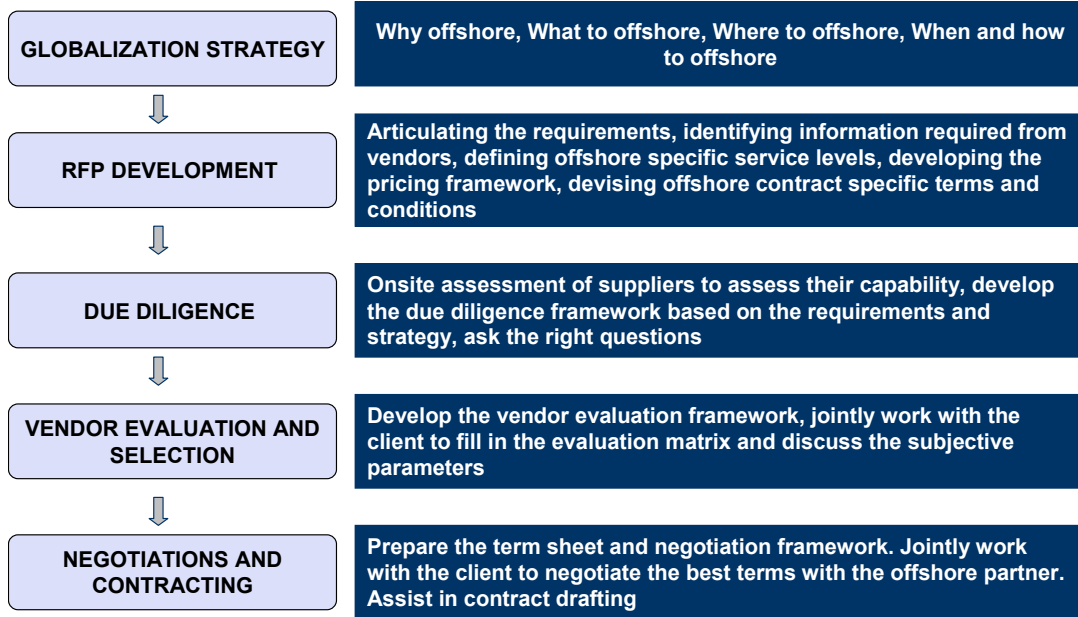
Sample business case: Opportunity to save **5 Mn USD** on a 25 FTE (25 resources) offshoring initiative



Assumptions:

1. Year 1 FTE – 25, growing at 20% yoy
2. As-Is cost/FTE in US = 50,000 USD
3. Offshore cost/FTE = 25,000 USD (all inclusive)
4. Inflation US cost = 4%
5. Inflation offshore cost = 7%

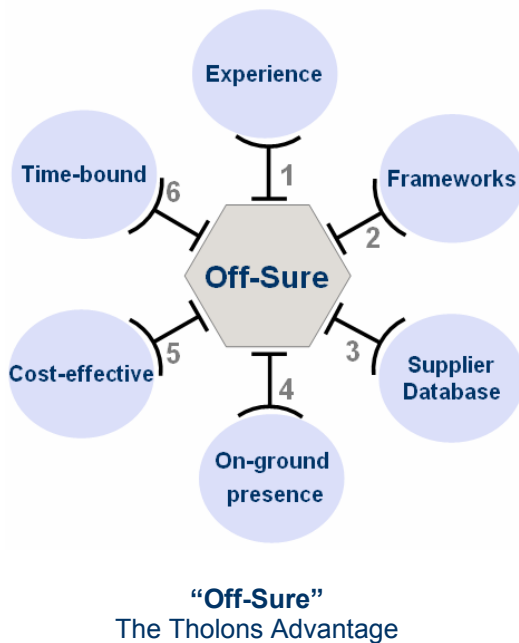
Tholons actively works with the clients at all the stages to ensure a risk-free, time bound and cost-effective offshore vendor's selection as outlined below:



“Off-Sure” Service Offering

We help SMEs select the right offshore partner with the right capability in the right country at a pre-committed price and timeline. We believe that by doing this we would help the SMEs in completely de-risking the offshoring initiative.

Based on this we devised the “Off-Sure” methodology. This methodology is built on our decade old experience in global outsourcing of services. Based on our past experience, we have put in place all the required **frameworks and methodologies** required to make global sourcing initiative successful.



1	<ul style="list-style-type: none"> ➤ 12 years experience in offshoring ➤ Impacted US\$5 billion of offshoring ➤ Pioneered the offshore advisory industry and have ever since been the thought-leaders
2	<ul style="list-style-type: none"> ➤ Refined frameworks – ensures repeatability ➤ Proven methodologies ensures predictability
3	<ul style="list-style-type: none"> ➤ Global Supplier database ➤ Constant refresh of supplier information
4	<ul style="list-style-type: none"> ➤ On-ground presence in offshore locations – helps in operational support for client and maintain vendor relations
5	<ul style="list-style-type: none"> ➤ Proven frameworks and tools improve repeatability and efficiency and reduce cost
6	<ul style="list-style-type: none"> ➤ Frameworks and experience guarantee "on-time" sourcing
Fixed cost and assured timelines	

Tholons guarantees the timeline of the sourcing based on the size of offshoring and also commits itself to a pricing. The table below outlines Tholons’ best-in-class guarantee on timeline and pricing:

Size of offshoring	Expected Timeline	Assured Annual Savings*	Fixed Price
<40 FTEs	3 months	400,000-550,000 USD (Assuming 40 FTEs)	70,000 USD (~15% of assured annual savings)
40-60 FTEs	4 months	600,000-850,000 USD (Assuming 60 FTEs)	90,000 USD (~13% of assured annual savings)
60-90 FTEs	5 months	900,000-1250,000 USD (Assuming 90 FTEs)	100,000 USD (~11% of assured annual savings)

* Assuming the average cost of FTEs to be 40,000 USD currently

Tholons has a strong commitment and an organizational focus to assist the SME segment globally to maximize leverage from global outsourcing. Our advisors will be very happy to speak to you and work together to identify the globalization opportunity in your organization’s services portfolio. This discussion will come at no cost to your organization.

Contact us at: off-sure@tholons.com