



From Partnering to Direct Presence in Sri Lanka

An Irish Perspective

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Background

✓ 2000

- > Established off-shore relationship with hSenid

✓ By 2004

- > 18 full-time hSenid resources across Development, Quality Assurance and Support
- > Irish engineering manager on 2-year assignment to Sri Lanka
- > Valista reselling hSenid products (e.g. Latin America market)

✓ By 2005

- > Valista Sri Lanka established with 18 resources
- > On-going relationship with hSenid

✓ By 2009

- > Valista Sri Lanka has 45 resources
- > Continued ongoing relationship with hSenid



Myth #1

If an engineer in Sri Lanka is x% of the cost of an engineer in Ireland, I can reduce my costs to x%

Fact #1

Communication Costs!

Communication is Key

- ✓ Changes are required on-shore
- ✓ Provide clear instructions
- ✓ Make allowances for cultural differences
- ✓ Send ambassadors between the sites
- ✓ Speaking is important, listening carefully is even more important

What to Outsource?

- ✓ Figure out the blend of outsourcing that suits you
 - > On-shore
 - > Off-shore
- ✓ Outsourcing requires a partnership you can trust and rely on
- ✓ Start with auxiliary activities, not the core of your business
 - > 'Shallow' complexity tasks
- ✓ As your offsite operation matures, send more critical work
- ✓ Evolve your partner relationship
 - > Outsourced partner
 - > Build Operate Transfer (BOT)
 - > Direct presence

Reasons to Outsource

✓ Strengths

- > Cost
- > Knowledge pool / talent
- > Pro-IT government
- > English skills
- > Competition which keeps costs controlled

✓ Weaknesses

- > Attrition (not rampant in Sri Lanka)
- > Hesitancy to criticize
- > Time difference (not too bad - 4.5 to 5.5 hours)
- > Physical infrastructure
- > Non-English skills (French, German, etc)
- > Availability of management skills

What would I change about IT in Sri Lanka?

- ✓ Inflation
- ✓ Migration
 - > Will peace help reverse the trend?
- ✓ Poya Days
 - > Especially the no alcohol rule 😊
- ✓ The lure from technical to management!

Recommendations

- ✓ Define what your outsourcing plan is
 - > Balance risk versus return
 - > Be realistic about cost savings
 - > Consider cost of communication
- ✓ Outsource small auxiliary tasks and scale with time
- ✓ Work with a trusted outsourcing partner
- ✓ Send ambassadors (in both directions)
- ✓ Choose the right culture and strategy to implement it
- ✓ Think as one company across multiple cultures
- ✓ Do post-implementation assessments to track costs and benefits



Thank You!

