



Near-sourcing

Outsourcing IT projects and activity is seen by many as an opportunity to achieve cost-efficiencies within a business, particularly during these challenging economic times. “Near-shoring” (outsourcing to locations which are close to the UK) has become a very plausible option for those considering outsourcing options, particularly with markets like India starting to suffer from high attrition rates and rising salaries. But what is near-shoring all about?

Near-shoring seeks to address some of the issues often experienced with off-shore outsourcing, namely:

- hidden management overheads
- additional costs that are often not considered at the outset of the program
- a new series of risks that must be considered – such as variable legal frameworks, political instability, exchange rate volatility, and a less reliable civil infrastructure
- challenges inherent in long-distance management, exacerbated by regional time differences

Near-shoring can provide a very credible alternative, and indeed present some significant benefits to the companies who choose to go down this route as part of their IT development programmes.

So, what are the key benefits of near-shoring:

1. Geographic proximity

If your service provider is only a short flight away, it is far easier to have personal contact with individuals which really helps to improve client requirements. It also facilitates the ability to monitor, correct and feedback on work on an on-going basis. Face to face interactions are not so costly as to be prohibitive, which in itself can make an outsourcing arrangement more viable, particularly for engagements where the specifications cannot be nailed down up-front.

2. Time zone compatibility

Working in the same or similar time zones goes a long way to ease project management issues during any project or development. Near-shoring allows for greater overlap in working hours, and also reduces the amount of time required for questions to be answered, and for approvals to be given. This particularly benefits those projects working with an “agile” development methodology; for instance, sprints can be completed and reviewed faster, with each iteration of software being delivered with minimum delay.

JCN Solutions

Unit 14a, City Business Centre
6 Brighton Rd, Horsham
West Sussex DL12 5BB

T +44 (0)203 3 888 222
E info@jcn-solutions.co.uk
W jcn-solutions.co.uk

Registered in England & Wales
Registered number: 7479446
VAT number: 106 0310 80



3. Cultural

Geographic proximity brings inevitable cultural similarities, so for example, Western European markets will find it easier to have a cultural understanding with Eastern Europe than with a Far Eastern market. Teams work more effectively together when they share a similar approach, engineering culture and, of course, sense of humour.

4. Education

Most Eastern European countries benefit from a strong educational system, and there is a bias towards engineering – for example, in the Czech Republic, one in three graduates holds a technical degree, and software is seen as a very respectable career path.

5. Scalability

One of the big advantages of working with any outsourced partner resource is the ability of that partner to scale up their resources to be able to meet new demands – without the client incurring all the infrastructure and associated costs that might be required. By the same token, during a quiet period there is no need to pay for un-used resource, as these can easily be deployed onto other projects.

6. Process

It is important to plan properly and have a proven process in place before embarking on any off-shoring project. Project management is a core issue – you cannot expect to just hand over your project and receive back a fully working piece of software without a suitable amount of involvement from you, the customer. You will need to specify what you want to get (with some help and with flexibility to change your initial thoughts where required), how you want to get it and then feedback on what you have seen so that it can be improved.

It is also important to remember that off-shoring is not an overnight solution – time and effort must be dedicated to ensuring that your technical partner is fully briefed with suitable knowledge transfer etc in order to get the best results. However, if it is done properly, the benefits of having a flexible, scalable and cost-effective extension to your IT capability can be significant.

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Summary

JCN provides you with a low-risk way to trial near shoring on your project, combining:

- a UK presence to support the engagement process and ensure things go as smoothly as possible
- a proven and accredited process for knowledge transfer and service delivery,
- a scalable team of excellent software engineers who will work alongside your team, both on your site and from our development centres in the Czech Republic and Slovakia
- competitive – and typically fixed – pricing

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