

Outsourcing Software Development While Maintaining Core Competencies

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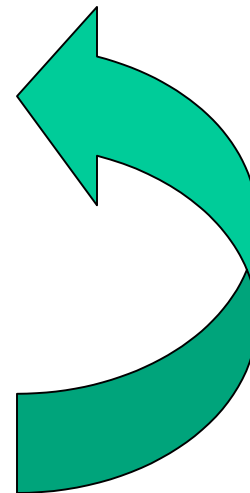
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Presentation Overview

- Product/Application Life Cycle
- Core Competencies
- Outsourcing
- Case Studies
- How to ensure success

Product/Application Life Cycle

- Requirements
- Design
- Development
- QA/Test
- Maintenance
- End of Life



} up to 50-75%

Core Competencies

- Industry specific skills
(think *Proprietary Knowledge*)
- Problems that your company solves

When Should I Outsource?

The Obvious

- Internationalization
- Documentation
- Integration
- Porting
- Support/Help desk
- System administration

When Should I Outsource?

The Not So Obvious

- Release engineering
- Installation kitting
- Maintenance/End-of-life engineering
- Tool development/maintenance
- UI/application engine/etc
- When the original author is gone

Benefits Of Outsourcing To *You*

- Easier to hire and retain great engineers
- Focus on core development activities
- Make best use of scarce resources
- Access to additional skills/perspectives
- Ensure good engineering practices
- Better morale

Benefits Of Outsourcing

To *Your CFO and Marketing People*

- Faster time-to-market
- Load leveling
- Leverage vendor's economy of scale
- Avoid capital expenses

Case Study - Speechworks

- Opportunity – The opportunity to close a major deal if a Windows® version could be created within 120 days.

Case Study - Speechworks

- Problems
 - Product only existed as a Linux product and did not compile or run on other systems
 - Product needed to Windows administration utility
 - Existing staff did not have extensive Windows expertise (and had no experience with real-time applications running under Windows)
 - Existing staff did not have any experience with Microsoft Installer (MSI)
 - Inflexible timeframes

Case Study - Speechworks

- Solution – Outsourcing
 - Performance enhancements
 - Create an MMC administration applet
 - Porting
 - Installation kit packaging
 - Functionality and performance testing

Case Study - Speechworks

- Benefits
 - Won the deal!! (product ready in 80 days)
 - Met Speechwork's customer imposed deadlines
 - Did not interfere with ongoing development
 - Immediate application of Windows expertise
 - Found and fixed problems in the baseline code

Case Study - Microsoft

- Opportunity - Microsoft saw the opportunity to provide the Internet's leading single sign-on authentication system - .NET Passport®

Case Study - Microsoft

- Problem - To be successful, this technology needed to be ubiquitous; it needed to run on major Unix[®] and Linux servers.

Case Study - Microsoft

- Solution – Outsource
 - Porting and Development
 - Unix/Linux Documentation
 - Unix/Linux Maintenance Engineering
 - Level 2 Support

Case Study - Microsoft

- Benefits
 - .NET Passport available on Unix/Linux platforms
 - Microsoft avoided hiring Unix skilled level 2 support staff
 - All schedules met
 - Platform specific documentation complete
 - Running at *The Weather Channel*, *Sony*, etc.
 - 3rd party Passport implementation expertise

Right Projects, Wrong Projects

- Right Projects
 - “necessary evil” projects
 - Skill augmentation
 - Is a “project”, not a loosely connected series of tasks
 - Can run in parallel with internal development projects
 - Can leverage vendor’s “economy of scale”

Right Projects, Wrong Projects

- Wrong Projects
 - The exciting new feature everyone wants to work on
 - Projects which require detailed and specialized knowledge of your customer base
 - Projects which require constant interaction with your staff

Questions To Ask When Qualifying An Outsourcing Vendor

- Have they done this before?
- Do they have the expertise necessary?
- Will they complement or compete with my existing staff?
- What guarantees do I have with respect to schedule and/or cost?
- Is this a one time project or the beginning of a long term relationship?

Summary

- Identify development tasks which are outside your core competency – key concepts: “proprietary knowledge” and “necessary evil”
- Hire, develop, grow and protect a team of great core competency engineers
- It’s easy to lay off an outsourcing vendor
- Create well defined measurable projects
- Make your vendor a part of your development team