

# **Cosourcing versus Project based Outsourcing**

Searce Ideology

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## What is Cosourcing?

Cosourcing, in our context, entails hiring dedicated staff for your use. In a larger context, it is based on a long-term relationship and emphasizes values traditionally associated with **partnering** rather than with **vending**. We short list candidates and present them to you for interviewing and approval. Upon your approval, we present them with offer letters. They become our employees and are dedicated entirely to your company's needs. We provide the required office space and facilities, dedicated and/or shared, for them to conduct their work in. Further, we manage these resources on your behalf and provide additional functions such as HR.

Cosourcing is a fairly recent trend that has evolved due to the shortcomings of traditional outsourcing, which is transactional and ephemeral in nature.

Traditional outsourcing addresses efficiency and performance improvement. Cosourcing, in contrast, is directed toward business performance. The current trend toward globalization and the evolving challenges raised by highly competitive environments demand flexibility, continuous improvement and unwavering focus on core competencies.

### You should consider Cosourcing if ...

- You want **direct control** of your outsourced business functions.
- You want to **retain** and **leverage** corporate knowledge within the company.
- You want a **win-win** relationship with a competent partner that adds value to your firm.
- You want **real time** and **exact knowledge** about performance.
- You **don't want** constant price renegotiations due to scope changes, which are bound to occur in a fast changing business environment.
- You want **effective** and **quick corrective actions** commensurate with your strategic directions.
- Your outsourcing needs are **continuous** rather than one-time requirements.
- You wish to **create competitive advantages** by creating a global-minded strategic organization.
- You want **predictable fixed costs**.

## Cosourcing v/s Project Based Outsourcing

Cosourcing	Project Based Outsourcing
<p><b>Direct Control:</b> Dedicated team under your direct control and direction.</p>	<p>No direct team commitment to you. Vendor manages and controls team members.</p>
<p><b>Quality:</b> Control over quality of resources leads to improved predictability of work quality and timeliness.</p>	<p>Resource quality is unknown and cannot be controlled. There is no predictability of project quality or timeliness.</p>
<p><b>Standards &amp; Procedures:</b> Your unique standards, methodologies and procedures can be conveyed and followed.</p>	<p>Difficult to implement and enforce your standardizations, procedures and methodologies.</p>
<p><b>Ownership &amp; Accountability:</b> Team members gain a sense of ownership and are accountable for successes as well as failures.</p>	<p>No ownership and nominal accountability, which gets transferred to vendor in general.</p>
<p><b>Business Value:</b> Dedicated team builds up a knowledge base specific to your business operations, software tools &amp; products or services. Maintains valuable relationships formed between remote and local resources within your organization.</p>	<p>No prior knowledge available or expected. For every new project, there is an associated learning curve and a significant time lag before the team can become productive.</p>
<p><b>Organizational Knowledge:</b> Learnings and knowledge is gathered first hand. It is retained and leveraged within your organization.</p>	<p>Vendor is the main recipient of your organizational knowledge. While knowledge transfers are possible, tacit knowledge is forever lost.</p>
<p><b>Confidentiality:</b> Team members are an extension of your employee base. Preserves your business confidentiality.</p>	<p>Resources could potentially be shared with competitors on a different or subsequent project.</p>
<p><b>Learning Curve:</b> No ramp-up time required for new projects and initiatives. Team retains learnings, understands your products &amp; services and is already aligned with your strategic direction and vision.</p>	<p>Need to provide copious background information and company vision to achieve team alignment for every new project.</p>

## Conclusion

Clearly, cosourcing has several advantages over the traditional outsourcing approach and will reward forward thinking enterprises with sustained competitive advantages. Large corporations have adopted the cosourcing model and are reaping the benefits. Small and medium enterprises now have the opportunity to do the same.

Having said that, it is important to point out that project based outsourcing does have merit under certain circumstances and it is not our intention to discount it entirely. For instance, if you have a need to develop a custom software application for your internal company use and you don't envision the need to develop more than a single software application, then project based outsourcing should indeed be considered. However, if the software application is large and complex and requires ongoing maintenance along with occasional enhancements, then it might be better to cosource the resources to both, develop as well as to subsequently maintain the application. In this case, your cosourced resources will retain the knowledge gained during the software development process and will be better able to maintain the application once it has been developed. All the other advantages, as described above also come into play.

In Searce you will find a partner that will strive to be continuously aligned with your strategic direction and vision and that will be nimble and fluid enough to accommodate your directional changes. We aim to build long-term relationships with you and grow with you. If we can help you to succeed, then it follows that we too must succeed. Your interests are therefore our interests.



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