

TEAM INTERNATIONAL

IT Solutions: On Time, On Target... Your TEAM

Top Offshore Outsourcing Trends to Watch in 2009



TEAM International is outlining the key trends to be anticipated in the international offshore outsourcing market in 2009.

The 2009 World Outsourcing Summit was held by the International Association of Outsourcing Professionals (IAOP) on February 16-18 in Carlsbad, California. At the Summit TEAM International was represented by Joe Chiovarou, VP of Business Development. One of the most important outcomes that we gained from the Summit is a better understanding of the top offshore outsourcing trends to watch in 2009. During the Summit Joe Chiovarou had a chance to collect and validate information among the most reliable and knowledgeable market analysis professionals and came to the conclusion that the following trends are most likely to catch on in the next few months:

1. Enhanced Nearshoring

As a term, nearshoring (nearshore outsourcing) means offloading all of or part of the processes to be completed by a vendor located in the geographically closest region. This trend will be most observed in Europe. According to the IAOP, Europe is currently outpacing US in closing outsourcing deals. The number of offshoring contracts rose in Europe by 17 percent from 2007 to 2008 and hit 271, compared to 243 US deals closed.

2. Reliance on smaller deals

Global uncertainty as a result of the world economic meltdown led companies to lower their overall spending on IT and create short-term business plans focused on spending rather than long-term investment. Due to this, companies are now seeking shorter outsourcing contracts to be able to properly adjust their volume and service level terms. This trend will gradually lead to significant change in vendor's outsourcing mindset – more and more vendors worldwide will strive for creating service offering at competitive rates and with appropriate differentiation for the marketplace.

3. Importance of professional expertise

According to the IAOP Summit, in 2009 customers will be focused on a more predictable operational model provided by the offshoring vendors. Vendors' professional expertise will be valued more than any higher-value propositions. A self-service oriented customer model is expected to become increasingly popular throughout 2009. One of the predominant vendor selection criteria will be the organization's ability to manage its internal processes and operations. That translates into dealing with organizations that have certifications such as CMMI.

4. Enhanced competition

In 2009 vendors are predicted to face the toughest competition ever. Global economic uncertainty has already brought about a certain slowdown in outsourcing deals. Companies are reorganizing to create an environment conducive to transforming internal business processes in an effort to reduce cost and increase the quality of the product delivered. Per the IAOP, the roller-coaster ride anticipated in 2009 will only be endured by companies with multi-dimensional service offerings. Such companies will both survive and create even stronger base for future competition. Strategically poor vendors will either exit the market, or be absorbed by larger outsourcers.

Customers are expected to have even greater influence vendors measured by cost and quality of services purchased.

5. Enhanced social responsibility

Social responsibility is predicted to be a trend in the Outsourcing space in 2009. This trend is predicted to evolve and continue and play a greater role in outsourcing decision making. The Obama administration is promoting a better socially responsible business environment, which, in its turn, will drive vendors to create appropriate solutions.

These are five top trends predicted at the IAOP World Summit. Team International is well poised to take advantage of these trends and has modified its engagement process to assure the proper positioning to thrive throughout 2009 and into the future. Below is a list of features that will attract growth at Team International in 2009:

- TEAM International has its Offshore Dedicated Center located in Ukraine (Eastern Europe), which is a perfect hub for nearshore outsourcing;
- TEAM International is ready to provide short-term project oriented services along with emphasis on longer-term partnerships;
- TEAM International has CMMI Level 3 certification and is currently in process of higher level certification; TEAM International / All Rights Reserved 2
- TEAM International provides customers with multi-dimensional services offering, from traditional software development and QA and testing with multiple models of engagement including project, dedicated development center and Build Operate and transfer.
- TEAM International is a socially responsible company running a local orphanage charity program in Kharkov region.

We believe these and other features will help TEAM International advance its Center of Excellence and make its professional expertise attract more customers in the upcoming quarters of 2009.