

Outsourcing

Outsourcing

- High Risk/High Opportunity Vertical Partnership
- Transfer an entire business function to a partner
- Types of Outsourcing
 - Contract manufacturing
 - BPO: Business Process Outsourcing
 - ITO: Information Technology Outsourcing
 - Innovation Outsourcing
 - R&D, Product Development, Design

Outsourcing Benefits

- Gain access to expert performance
 - Provider has refined knowledge in a specific function
- Scale economies
 - Cost efficiencies
- Maintain focus on core competencies

Find great freelance jobs

 ESTEBAN T. ARGENTINA MOBILE APP DEVELOPER

"Thanks to what I earn working on Elance, I can pay for rent, food and school expenses. I can work on what I love doing - I love my new job and I'm living my dream." »



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Hiring? Find amazing freelancers online.

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176,500
Programmers



20,600
Mobile Developers



126,700
Designers



192,200
Writers



42,200
Marketers



91,794 Jobs

posted in past 30 days

\$815,525,132

earned through Elance
to date

The oEconomy

\$ **257,012,476**

Earned on oDesk

Hourly Job Postings, Average Size (hours): **506.4**

Average rate: **x \$8.66**

Average Job Size: \$4,386

Contractors Working Right Now: **1,427**

Job Postings, Last 24 Hours: **1,776**

Fixed-Price Job Postings - Average Budget: **\$299**

Total Contractors in Network: **1,009,614**

Total Jobs Posted: **1,165,087**



What is the oEconomy?

oDesk is the marketplace for online workteams, with the best business model for employers and contractors. The oEconomy is where we showcase fascinating data from the work activity of over half a million oDesk users in over 150 countries. Want to learn more about the world of online work opportunities? [Contact us](#).



Want to know a reasonable contractor rate? Check out our [rate statistics](#).



oDesk is changing how the world works. See it in action on the [oDesk Growth page](#).

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Categories

- ☐ All categories
- ☐ Web Development
- ☒ Software Development
- ☐ Networking & Information Systems
- ☐ Writing & Translation
- ☐ Administrative Support
- ☐ Design & Multimedia
- ☐ Customer Service
- ☐ Sales & Marketing
- ☐ Business Services

Sub Categories

- ☐ All subcategories
- ☐ Desktop Applications (114)
- ☐ Game Development (35)
- ☐ Scripts & Utilities (114)
- ☐ Software Plug-ins (38)
- ☒ Mobile Apps (47)
- ☐ Application Interface Design (77)
- ☐ Software Project Management (67)
- ☐ Software QA (70)
- ☐ VOIP (15)
- ☐ Other - Software Development (91)

Feedback Score

- ☐ Any Score
- ☐ No Feedback Yet (12)
- ☒ 4.5 - 5.0 Stars (47)
- ☐ 4.0 - 4.5 Stars (10)
- ☐ 3.0 - 3.9 Stars (10)
- ☐ 2.0 - 2.9 Stars (2)
- ☐ 1.0 - 1.9 Stars (1)



Stephen Bradley

Experienced iOS Developer

Skills: [iOS development](#)



\$35.00/hr - **Hours: 181** - **United States** - Last active: Yesterday - Tests: [2](#) - Portfolio: [1](#)

My extensive experience with OS X and years of programming experience has made it easy for me to transition into iOS programming over the past year. I have developed multiple iPhone and iPad applications from only ideas and followed them through all the way to the app store. I would like to utilize this experience to help you bring your idea for an iOS application to market no matter what device it is targeted for.



Brad B.

Award Winning Design Expert - IA / UX Interface Design (all media)

Skills: [Photoshop](#), [After Effects](#), [Omni Graffle](#), [Adobe Illustrator](#), [more...](#)



\$50.00/hr - **Hours: 1,030** - **United States** - Last active: Feb 19, 2011 - Tests: [2](#) - Portfolio: [1](#)

With over 20 years of award winning experience designing interfaces and content for all types of digital media, I can handle most design tasks (static and motion graphics). My clientele has ranged from Fortune 100 companies, to top Hollywood studios, to startup entrepreneurs. I have designed for a diverse set of platforms - Web, iPhone + iPad, RIA + SAAS apps, CD, DVD, kiosks, games, interactive television, and broadcast motion graph ... [more](#)



Brian Cooley

Mobile Web App Developer (Android + iPhone)

Skills: [android development](#), [Clojure](#), [iPhone Development](#)



\$80.00/hr - **Hours: 191** - **United States** - Last active: Feb 15, 2011 - Tests: [8](#) - Portfolio: [7](#)

I am a skilled mobile developer with 2 years of experience developing on the Android platform and 1 year on iOS. I have developed on Java for several years and obtained Sun Certification in 2000. My weekly availability is limited, but I can get a lot done in a short time, and I'd welcome the chance to complete a high quality project for you.

Many models for outsourcing

- Offshoring
 - Performing functions outside of client's home country
- Captive Offshoring
 - Company-owned facilities in another country
- Reverse Outsourcing
 - An outsourced company opens an office in original country

Many models for outsourcing (con't)

- Nearshore Outsourcing
 - Outsource provider is near company's own boundaries, same time zone
- Home Shoring
 - Domestic outsourcing
 - Hiring domestic workers in their own home
- Farm Shoring
 - Outsourcing to domestic, rural areas

Affordable, custom-made logo design

Get a unique logo design in under a week, from just \$295

Q How many designers will be working on my project?

A typical contest has dozens of designers competing to produce the best design. The more money you offer, the more designers you'll attract.

Q What if I don't like any of the designs that I get?

We have a 100% money-back guarantee! If you don't like any designs, then simply contact us within 60 days and we'll give you a complete refund.

Q How many design entries will I get to choose from?

On average, we receive 100+ entries per logo design contest, from dozens of different designers over a 7 day period.

Q How much does it cost to run a logo design contest?

You set the budget! Pricing starts at \$295 and in general, the more money you offer, the more logo designs you will have to choose from.

Q Will the designers tailor their designs to suit my business?

Our designers create designs according to your requirements, so every entry to your design contest is tailor-made just for you!

Q Can I get designers to revise the designs they create for me?

Absolutely. Designers thrive on guidance, so the more feedback you provide, the better the quality of your finished product.



brain touch



WrappingRoom



Outsourcing: Reasons

- Cost savings
 - Contract manufacturing
 - Economies of scale
 - Volume discounts
 - Supply chain efficiency
- Hone core competencies
 - Outsource non-essential tasks

Outsourcing: Reasons

- Capabilities of outsource providers
 - Skilled, low-cost talent pool
- Technology developments
 - Easier for companies to communicate with remote outsource providers

Outsourcing: Reasons

- Mitigate HR costs and management issues
 - Overhead- pension plans, insurance, etc.
- Other general trends
 - Globalization
 - Competitive intensity
 - Time/Cost pressures

Outsourcing: Risks

- Cost Savings Don't Materialize
 - Difficult to calculate true cost in advance
- Quality Concerns
 - Confusion
 - Suppliers don't understand customer's business

Outsourcing: Risks

- Dependence on Vendor
 - Switching costs
- Dilution of Competitive Advantage
 - Less differentiation from competitor

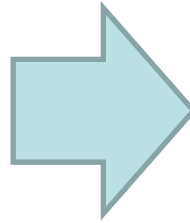
Outsourcing: Risks

- Risk of Fostering New Competition
 - Sharing trade secrets
- Public Backlash
 - Political issue

Outsourcing: Contingency Approach

Key outsourcing questions to consider

- Whether to outsource?
- Degree of outsourcing?
- Type of outsourcing?



Contingency factors

- Criticality of business function
- Nature of the business process
- Task characteristics
- Vendor capabilities
- Governance

Outsourcing: Criticality of the Business Function

- Define mission-critical business processes
 - Focus on developing core intellectual property and skills
 - Keep in-house
- For incremental innovation and non-critical processes
 - Commodity knowledge and skills
 - Outsource

Outsourcing: Nature of Business Process

	PROCESS COMPLEXITY	
	Simple	Complex
Standardized Process	Outsource	Captive offshoring, selective outsourcing
Customized Process	Selective Outsourcing, Automation	In-house, selectively outsource some components

Outsourcing: Task Characteristics

- Transfer of explicit, codified knowledge
 - Can the function be clearly mapped and communicated to outsource provider?
 - If not, don't outsource if in-house solutions are possible

Outsourcing: Task Characteristics (con't)

- Clearly specified ownership of intellectual property rights/risks
 - Can intellectual rights/responsibilities be clearly articulated?
 - If not, don't outsource if in-house solutions are possible

Outsourcing: Vendor Capabilities

- What are the specific capabilities to perform the task?
- Does the provider have the requisite capabilities to perform them?

Outsourcing: Governance

- Particularly important for R&D alliances
- Controls can limit innovation but are necessary
- Controls should be “ex ante” (before the work) rather than “ex post” (during the work)

Summary

- Outsourcing presents a valuable avenue for new ventures; exists in many forms
- Risks can be mitigated through best practices in selecting and managing the relationships