Outsourcing

- Outsourcing is a business practice in which a company hires a third party to perform tasks, handle operations or provide services for the company.

- The outside company, which is known as the service provider or a third party provider arranges for its own workers or computer systems to perform the tasks or services either onsite at the hiring company's own facilities or at external locations.

- Companies often outsource as a way to lower costs, improve efficiencies and gain speed. Companies that decide to outsource rely on the third-party providers' expertise in performing the outsourced tasks to gain such benefits.

Outsourcing

- Outsourcing a project or business processes is not a novelty in today's world. You can't build a business without help from the outside. Sooner or later, you'll start thinking about outsourcing and here's why:
  - To reduce costs
  - To achieve higher efficiency
  - To get an access to a more skilled talent pool

How to manage outsourced Project

- Clarify scope
- Sketch your vision to the team
- Project Plan
- Agree or standard roles and responsibilities of both parties
- Outline the key performance indicators for the engagement
- Use right project collaboration, tools and methods
- Status reports

How to make successful projects

- Define the projects goal
  - What do you want to achieve?
  - Is this possible to do?
  - How will you measure your progress?
  - What are the potential consequences of not reaching your goals?
  - Are your goals time-related?
- Establish project team structure
  - Define roles and responsibilities.
  - Assign tasks and responsibilities to individuals.
  - Create a clear line of communication between team members.
  - Finally, hold individuals accountable for their duties and responsibilities.

How to make successful projects

- Create a project Plan
  - a schedule that identifies when each task should be completed,
  - a list of resources needed (time, resources, equipment),
  - a list of risks and potential problems,
  - an estimate of how much work will be required.
- Set realistic Deadlines
  - knows how much time they have to do what they have to do.
  - placing too high of a deadline can lead to frustration on the part of your stakeholders.
  - if you find that you are running behind schedule, it may be helpful to take some time off and reassess the software project.

How to make successful projects

- Communicate effectively with stakeholders
  - be clear about what you need from them,
  - make sure you understand their needs and expectations,
  - avoid giving them too much information at once,
  - be prepared to answer any questions they have.
- Analyze project challenges and opportunity
  - This includes knowing the project's scope, having a plan for completing it, and ensuring that all team members are on board with the project's goals.
  - However, many software projects fail due to risks and opportunities that were not adequately analyzed.

Key issues and solutions of outsourced projects

- Choosing the wrong outsourcing model
  - You should choose outsourcing models according to the requirements, budget, scope, and deadlines of the outsourced project.
  - The wrong outsourcing model can negatively affect your product or service quality.
  - The requirements of development processes keep changing, such as materials, time, resources, etc.
- Uncertainty about the vendor
  - If you're unsure about the background, skills, and experience of the outsourcing, it can cause serious outsourcing problems, such as:
  - Increased costs. Misunderstandings.
  - Workflow disruption and Decreased productivity.

Key issues and solutions of outsourced projects

- Language and Cultural Differences
  - Offshore outsourcing is when you outsource your business processes to a third-party vendor in a foreign country.
  - For example, American companies outsourcing customer support to Mexico may find accent and language differences affecting client communication.
- Ambiguous Cost
  - Firms often outsource business processes to increase profit, however, outsourcing could be problematic for companies who underestimate their budget.
  - If you don't define your budget and project scope clearly, you may have to bear unexpected expenses like additional software, new employees, extended timelines, etc.

Vendor Management

- Vendor management includes everything a business does to develop and maintain relationships with suppliers.

- This includes finding and selecting suppliers, negotiating vendor contracts, managing deliveries, maintaining inventory levels, scheduling service visits, controlling supply costs, and identifying ways to mitigate risks related to the vendor supply chain.

- Understanding the importance of vendor management helps project managers set priorities when it comes to allocating resources to this vital task.

Why Vendor Management important in PM?

- Good project managers recognize the needs of employees in their departments and develop reliable supply chains to keep those workers performing at their best.

- Vendor management gives you the insight you need to provide consistent access to the supplies your team needs.

- Vendor management is part of your overall project management strategy, so it ties into other aspects of developing a project.

How does vendor management work

- Project managers involved in vendor management begin by assessing the supplier needs for the project and setting objectives for cost, delivery schedules, and reliability.

- Vendor lifecycle management is an approach that takes a wide view of the supply chain and how it relates to your company's procurement processes, so you can track those relationships from the initial contact through the final closure of a vendor account.

- A vendor management system is a strategic process designed to identify, choose, and monitor the companies and individuals who provide necessary products, services, and equipment for your business.

How do you perform vendor analysis

- Cost, including initial monetary outlay and ongoing costs

- Return on investment (ROI)

- Service commitments, including timely delivery and available scheduling options

- Quality of the product or service being supplied

- Operational stability of the supplier

- The potential for building long-term supplier relationships

- Past performance of the supplier based on historical vendor data

Successful vendor management requires

- Accurate documentation
- Relevant info and expectations
- Reporting
- Project Management Software
- Synchronization
- Risk Management
- Trust