Company C1

[Demographic Data]
C1 is a local Palestinian company that specialized in outsourcing services. It works with more than 30 clients around the world. It provides a wide range of hardware and software development services for both local and international clients.

We followed an interviews approach to answer our research questions. A face to face interview was conducted with research and development software manager.

Clients location: United States, France, Israel and Taiwan.
Number of employees: 300 employee.

RQ 1: How Palestinian IT sector perform outsourcing in terms of detailed business model? And what are the factors that foster outsourcing from vendors' perspective?

1. What's your view of the status of software development outsourcing in the Palestinian IT sector?

Outsourcing is good in Palestine. Palestinian IT sector pressing themselves to succeed.

2. How do you evaluate the importance of Palestinian software companies as service providers?

It is not a good option. We usually approach the client to proof that we have talent. Sometimes we are a good option but not the best due to high cost of services in Palestine compared with other developing countries like India and Eastern Europe. Palestinian companies compete with their quality more than cost.
In IT sector, Palestinian have only the option of outsourcing, it's not a destination and not a good option, so Palestinian IT sector pressing themselves to succeed and win clients' confidence.

3. What are the business drivers that contribute in considering Palestinian software companies as one of the software outsourcing vendors in the region and worldwide?

We had a long way to go. International factors like high demand on software outsourcing services pushed some International companies to give the Palestinian IT sector the opportunity to work with them. This chance was mainly driven by the lack of engineering resources in their market.
These chances and opportunities enabled the Palestinian outsourcing companies to learn, create a good experiences and build good profiles that have put Palestine as a good competitor in the market.

4. What do you think your software company should do to improve the process of software development outsourcing?

As a software company we need to increase the profit. No much support from the government to the IT sector in Palestine like what we see in Israel and United States. No financial and marketing support.

In my opinion, government should have good support for new startups and promising companies.

5. How success is measured in your software organization, what are the factors and key elements you consider to classify the software project as a success one?

There are two models to measure the success:
- One time software outsourcing scheme: client gives their requirements then the vendor provides the software product that meets these requirements on time with high quality and with a predefined fixed cost.

- Continuous software outsourcing scheme: some clients consider our employees as part of their teams. When we meet the clients' expectations, this usually get translated to an increase of hiring in our team.

6. What are the main factors that prevent and discourage software outsourcing in the Palestinian IT sector?
- Political issues
- High cost when comparing with other developing countries.
- The lack of experts in Palestine when compared to other countries due to the fact that the software industry in Palestine is a young and relatively new industry.

7. What are the main risks associated with software development outsourcing in Palestinian IT sector from vendors' perspective?

As a companies, We hiring a large number of employees when we want to launch a new project. If our company loses the project due to many reasons like political reasons, performance issues or even deadline achievements. These newly hired employees are left idle without work. The company is put in two hard choices of either losing profit by paying them for months without work or releasing them.

8. What are the strategies your software company follows to mitigate the risks of software outsourcing?
- Having an expert team who can hunt and approach new projects

- The presence of experts who can help to reach and compete in projects for large international companies.
- Having an organized stream of work to avoid shortage of work between our employees.
- Training fresh graduates in our company to reach for the best who can fit in our company.

RQ 2: To what extent geographical barriers influence outsourcing in the IT sector in Palestine?

1. What are the barriers within your software outsourcing company that have an negative impact on clients?

Palestinian employees are not exposed to the world, most of the software engineering mature after graduation from university so they don't have new ideas and thoughts and build an existing systems rather than innovate new ones.

2. How does geographical distance affects decisions and activities of software outsourcing?
- We build a good relationship with the closet clients. This helped us to having and building a strong profiles.
- Close geographical distances gave us the ability to work, learn and expand our work.
- Having good profiles helped us to deal with new clients around the world.
- One of the main consequences of geographical distance is the time zone difference between us and the client.

3. To what extent geographical distance is considered as a key factor in the success or the failure of a Palestinian outsourcing project?

Geographical distance is an important factors for the close clients to work with Palestinian IT companies.
But generally speaking, geographical location has low impact comparing to quality and price.

RQ 3: How cost reduction is considered as a key factor that influences the outsourcing investment in the Palestinian IT sector?

1. To what extent does cost reduction affect the client's' decision to outsource software projects to Palestinian IT companies?
- At the beginning of the project, cost is a critical key to attract clients to work with us.
- If the cost for developing the software products inhouse are the same as outside the client's company, the clients will avoid the risk of outsourcing .

- Cost is one of the main attraction to work in Palestinian IT companies.
- some clients prefer to work with Palestinian outsourcing software companies despite their higher cost compared to other outsourcing countries due to the better quality and commitment provided to them.

2. How an IT Outsourcing contract relates to cost reduction as well as to the client's' goal of revenue increase?

Clients want to develop their products. These products generate revenues, if the outsourcing company achieve an excellent level of quality in an acceptable time frame. The client become more willing to put more emphasis and support to keep the good quality of the released products.