

Company C2

[Demographic Data]

C2 is a local Palestinian company that specialized in outsourcing services. It provides a wide range of both hardware and software services for different international clients. These companies range from big international clients like Cisco and HP to small startup companies. The majority of client companies are located in Israel, United states and a few of them are located in Europe.

A face to face interview was conducted with a software development manager to answer our research questions.

Number of employees: 170 employee.

Clients location: Israel, United states, Europe.

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?

Software outsourcing is the main industry in the Palestine. Main business model in the Palestine are the software outsourcing companies.

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

Palestine considered as a good option for Israeli market due to closer geographical location, same time zone, availability for face to face meetings when the client need.

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?

- Palestinian companies deliver good quality.
- Palestinian companies are good option for close clients.
- Having good profiles which help them expanding the operations for the same client as well as compete other vendors on a global scale

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

- Build a good quality.
- Commitment on time.

5. How success is measured in your software organization, and what are the factors and key elements you consider to classify the software project as a success one?
 - One time scheme: delivery on time, high quality, client's satisfaction.
 - Continuous work: clients' satisfaction and therefore increasing the number of hiring in the team.

6. What are the main factors that prevent and discourage software outsourcing in the Palestinian IT sector?
 - Political situation affects negatively to software outsourcing that client imagine that working with Palestinian have a high risk and not stable.
 - Outsourcing is hard. East Europe compete Palestine due to have a higher number of IT specialist and less cost.
 - Lack of experts in Palestine.

7. What are the main risks associated with software development outsourcing in Palestinian IT sector from vendors' perspective?
 - The fear of highly risk investing in Palestine due to the political issues in the area, clients tend to put their investment in a stable developing country.

8. What are the strategies your software company follows to mitigate the risks of software outsourcing?
 - Building strong profiles with customers they are working for.
 - Having an organized stream of work to avoid shortage of work between our employees.
 - Having a good relationship with our local universities, to bridge the gap between the academy and industry so we can confidently hire and rely on our fresh graduates faster and smoother.

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?

Time zone difference.

Culture not a problem for Palestinian employees like India.

2. How does geographical distance affects decisions and activities of software outsourcing?

When the geographical distance between the clients and vendors are close, it is easier to build a good relationship with them.

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

At the beginning Israeli clients work with Palestinian for:

One: geographical distance

Two: quality

Third: price

But after the work expanded with more international clients for:

One: quality

Two: price

Third: geographical distance

The culture of remote work starting expand and geographical locations not have an impact but still is a factor due to different time zone.

Geographical have also accessibility at any time.

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?
 - Cost is a critical factor at the beginning of the project.
 - As a software engineer who worked for many years in the industry and based on my knowledge of the average software engineer cost in the clients countries (i.e. USA and Israel). I would say that the Palestinian engineer costs far less than the American or the Israeli one, so the cost reduction is a main motivation that fosters the outsourcing practice in the Palestine.
 - The price of services is not to much than other countries like India. On the other hand, Palestinian have good quality and less turnover compared with other developing countries due to less opportunities in Palestine.
2. How an IT Outsourcing contract relates to cost reduction as well as to the client's' goal of revenue increase?

Client come to make their product. The product generates a revenue so if the development is good then the revenue will increase.

Other project depend on cost reduction and therefore increasing the employee and increasing the outcomes.