TO: CEO, GuruSoft.Inc
FROM: Manager, GuruSoft.Inc
DATE: March 30, 2014
SUBJECT: Offshore Development Centre in China

Your idea of having an offshore product development site in China for our product is a feasible solution for our organization. After the market analysis and current trends, china has shown a commendable efficiency in software development. Findings from focus groups and surveys have made it apparent that big players like Google, IBM, Oracle etc. have established many offshore development sites in different parts of China and have been profitable. The work culture and the work quality of China would suite our organizational goals. Listed in this memo are some of the positives and negatives' with the offshore centre.

Lower Costs – As per your view, Chinese coders will deliver the required quality code with 15% lesser salary than the Finland salary. Apart from that the office infrastructure, building rent, office supplies, computers, laptops and other accessories are available at lower costs in China which will save the company a few more costs.

Core Competences – The Chinese white collared labour are very skill full and with correct recruitment methodologies, we will be able to get the people with the required skill sets in fairly less time. As our product is built on Java platform, I have noticed that China has abundant Java coders and would suit well to our company.

Time Difference – China covers a large are and the time difference between Finland and China varies from 2 to 6 hours. If we plan to start the development site in any of the cities present in west China, the overlap of the working hours of the Finnish and Chinese sites can be an added advantage to monitor and schedule the Scrum meetings during the office hours with very little inconvenience (Smite, D. and Wohlin, C. 2011).

Communication – Communication will be a major issue with the idea of the development centre in China. The communication language here is Finnish and there will be Chinese. This may lead to some confusion in understanding the requirements. We as an organisation to go global should adopt English as our official communication language. Also there are some technical challenges to establish secure communication with the Chinese development site. We need to get the right tools and the infrastructure for the employees of the offshore team to have better communication (Smite, D. and Wohlin, C. 2011). The internet in China is not as good as it is in Finland and this may cause some problems during important video conferences and meetings. To establish communication, we need to get leased lines from the operators and will have an initial cost overhead on the organization. Visits between the sites are also a concern during development of the product. Initial visits are necessary to provide knowledge transfer and hand on training on the product the team (Paasivaara, M. and C. Lassenius. 2003).

Short Iteration – We need to implement short incremental development cycles with timely feedback. The task dependencies between the sites should be kept to minimum by implementing decoupled architectural solutions (Smite, D. and Wohlin, C. 2011). The product development should be modular. Both the sites should follow the same product development approach to keep track of the progress. This is crucial for the product development.

With all the aspects mentioned above, it's also important to build trust between the offshore team. In the beginning of the project a lot of face to face meetings are necessary. Frequent meeting should be held to have good collaboration. The flow of information should be seamless. Providing continuous feedback will result in transparency. The links at the management, project and team level are necessary for better communication. This will lead to build a better offshore team and ensure the product quality.

To conclude, even with the cultural differences China would be a suitable offshore development option with the cheap labour can save the organisation a lot in the long run. Also the competencies of the Chinese are apt for our product development. Considering the market trends, resent offshore development centre in china has shown to be profitable. I would suggest we go ahead with this idea and establish our company globally by following Global Software Distributed development.

Reference :

Smite, D. and Wohlin, C. 2011. A Whisper of Evidence in Global Software Engineering. IEEE Software, July/August, pp. 15-18

Paasivaara, M. and C. Lassenius. 2003. Collaboration Practices in Global Inter-Organizational Software Development Projects. Software Process: Improvement and Practice 8. pp. 183-199