Title:
31 Risk in Offshore IT Outsourcing Contracts: Or Buying Promises

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665

Summary:
No matter how much due diligence you attempt, making a decision on contracting
with an onshore or offshore IT service provider is much like buying promises.

Keywords:
offshore outsourcing contracts, IT outsourcing, offshore IT staff

Article Body:
No matter how much due diligence you attempt, making a decision on contracting
with an onshore or offshore IT service provider is much like buying promises.
To some extent you are going to have to trust in your selected partner to be
committed to providing your company with the high quality services that they
have promised. Your lawyers will surely not agree but offshore contracts are
only worth the integrity of the company that you are contracting with. Dun &
Bradstreet does not include this metric (integrity) in corporate profiles yet
and it is not on a credit report either. One of my partners in Brazil would
often tell me "Henry we are highly motivated for this opportunity", but I did
not fully understand the value of that statement until we got into the trenches
together.

Here are a few of the promises you are accepting or questions you may have
doubts about when signing that offshore IT staff augmentation or support
contract:

1.   Will I really get the hours I am paying for?
2.   Is my intellectual property and information secure?
3.   Am I really going to be provided with qualified professionals?
4.   Will billing rates go up after I train the new team in my business?
5.   Can I reach this vendor when I need immediate support?
6.   Will this vendor work with me when the going gets rough?
7.   Is this a stable country politically, socially, and economically?
8.   Are currency exchange rates an issue?
9.   Is this a safe country for business travel?
10.   Is this vendor's location in a safe part of town?
11.   What is the cost of business travel to this location?

12.   What is the cost for offshore professionals from there to travel to the U.S.?

13.   Can professionals at this location get a U.S. passport and visa for U.S. visits?

14.   Are U.S. contracts legally binding in this country?

15.   How long does it take to get a visa and passport for team members to make training and onsite orientation trips to my location?

16.   What will it cost for visas and passports for your offshore team?

17.   Will the offshore team have someone full time who is experienced in managing offshore projects?

18.   Is this a stable company, i.e. good credit and strong experienced management?

19.   Does this vendor's company have the interpersonal skills to work with my company?

20.   Does this offshore vendor have executive management that speak English and will be responsive and share your since of urgency?

21.   Are this vendor's team management and executive management going to be available in your workday time zone on short notice when you need them?

22.   Can this vendor grow with your companies needs?

23.   Do they have commercial liability insurance, errors and omissions insurance?

24.   Can they buy commercial liability insurance in their country?

25.   Will they work in your workday time zone?

26.   Does this company have a secure network infrastructure?

27.   Is their network infrastructure professionally designed and firewall protected?

28.   Is their facility physically secure?

29.   Are extreme weather conditions a factor affecting travel, security, or work schedules in this country?

30.   Does this location pose natural disaster risk to your business?

31.   Is this vendor going to be flexible as your needs change?

No matter how much time on money you spend developing a clam tight contract with an offshore outsourcing provider you never want to have to consider international litigation or international arbitration for contract disputes. Unless your needs are well defined and static, which I have never seen, the requirements better be very general in that contract or they will need review and changes before the ink gets dry.

In any offshore project establishing good relationships are key to clear communications. Vision TRE has been nurturing relationships with our offshore partner locations in Brazil and Panama for years. We have business relationships in South and Central America that have been proven dependable over

the years. Integrity, trust, mutual cultural respect, and a shared since of
urgency make these relationships valuable to any company that contract with us
to establish an offshore team.