

## Changes To Offshoring Practices by Enterprising Providers

by **Satya K Vivek** | 27 June 2022



Despite the severe impact of COVID-19 pandemic on the IT sector, the IT outsourcing and the Offshoring industry have shown steady growth in revenue and employee hiring. The offshore IT service providers manage a variety of tasks for North American and European enterprises.

Many providers of the IT offshoring and outsourcing industry are reshaping the conventional practices. Their focus has shifted more on the quality of the services delivered than just evaluating the costs per offshore recruit for a given skill set. The better offshoring IT companies ensure business continuity while also thinking of sustainable practices. Their restructured model for contracting offshore services has helped innovative offshoring companies gain control over effective outsourcing strategies and new ways to collaborate with clients. It is not surprising that mid and smaller IT outsourcing firms have had faster growth rates in the post-pandemic period.

This new group of IT service providers is rightly called innovators in implementing newer methods to administer and retain employees. They are successfully developing hubs of talent as demanded by global clients. Perhaps, that is why such companies when surveyed, have the highest ranking in terms of client satisfaction and employee retention and are showing consistent improvement year on year. Clients are approaching the offshore industry to achieve higher performance levels and provide a viable solution.

Meanwhile, innovative service providers have involved new practices in their offshore outsourcing services

### **Adopting the managed services model**

Managed services business model to handle day-to-day operations of IT application. It provides end-user support while helping resources focus on core business areas. The suppliers executing this business model deliver a specified functionality with a desired level of service for a fixed cost. This model helps resources manage complex applications, updates, and repairs with new technology.

### **Building domain knowledge**

Most clients expect their suppliers to be experienced in various technology platforms. However, an IT project implementation requires specialized knowledge or domain expertise to ensure quality output and hiring a service provider with good domain knowledge helps them to understand the project needs faster and deliver them quickly. Therefore, offshoring providers are developing business domain expertise to gain repeat business and long-term partnerships with clients.

### **Better talent management**

Clients often grant the suppliers authority to manage their local teams. It is a joint venture. They cooperate with the suppliers and help them develop their local team leaders and manage projects independently. Having unique talent management practices as well as meticulously executing best practices helps manage the talent better. Each successful service provider adopts a few unique practices that work for their unique situation due to their size, location, management team, and relationships with educational institutions.

### **Embracing newer technologies including product engineering and Fourth Industrial Revolution:**

The tech ecosystem is embracing the Fourth Industrial Revolution through advanced technologies and gear up for outsourcing. These technologies include Cloud computing, 5G network, the internet of things (IoT), and robotic process automation (RPA). Not just technology, the software development process has undertaken a change compared to a decade earlier. Now the focus is wider using the product engineering framework starting with the ideation stage and ensure that the new software fits into the existing systems of the customer.

They benefit both the parties involved – the enterprise and the outsourcing service provider. By embracing the newer technologies and methodologies in product engineering, outsourcing companies are enabling enterprises to realise the benefits faster.

