ARCHITECTING PROJECT MANAGEMENT
for Enterprise Agility…

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Our story of developing Agile Offshore Development Centre!

Organization Design for Enterprise Agility

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CONTENTS

ABSTRACT

Indian IT Services industry has been working on different engagement models (Fix price, T&M) with their customers. But with rise of Agile methodology, these engagements are expected to change to collaboration-based models. In this context, Agile Offshore Development Centre (ODC) is right strategic fit and this session would present our experiences of developing an Agile ODC.

We will present details on how ODC differs from other conventional models, unique aspects to be factored in while building an ODC (like Physical / Logical isolation, Networking, Information Security, Compliance etc.) and various phases involved in establishing an ODC. We will share our experiences of defining Project & Program Management practices as per the needs of our ODC including Ramping up, Knowledge Transition, Process Definition, ODC Governance Structure and monitoring / tracking models. The paper would present how we established customer's culture at ODC where all team members work as logical extension of the Customer team.

The paper would present unique Agile Program Management model developed by us for managing our ODC, which includes Agile Transformation Roadmap, Agile PODs, Governance structure, Program & Steering committee, PMO, detailed Knowledge Transition process, Program Dashboard, Delivery Excellence, Risk management and Templates developed by us. We also share our unique 4-0-1 program for fostering innovation culture in ODC, controlling escalations and encouraging continuous improvements. We present our Lessons Learnt and Best Practices for true Enterprise wide Agile Transformation using ODC model and how we adopted Agile not just as a program management methodology but truly a way of thinking.

INTRODUCTION

"*We made a right choice by setting up our ODC with you Mr. Joshi. I feel like I am visiting my company's office and team here*", said Mike Warren. Mr. Joshi was very happy hearing this appreciation from CIO of the organization that decided to setup ODC with Mr. Joshi's company in India. Both Mike and Mr. Joshi were aware that lot of things are at stake for both the organizations regarding this ODC and they have to make it successful.

As different organizations are trying to expand their business footprint and revenue sources, it is becoming important to identify the engagement models that would help in building strong partnership with their customers. Short-term projects based engagements either with fix-price or time & material models may not provide enough partnership and business opportunities for the customer as well as the performing organization / vendor. With rise of Agile methodology in last few years, which focuses on "Customer Collaboration" instead of just having "Contract Negotiations", it has become important to develop engagement models which would support this transformation.

Offshore Development Centre (ODC) is one such strong alternative, where customer can get a cost advantage of offshoring and at the same time can have a dedicated team aligned with customer's business scenario.

WHAT IS ODC / BOT?

OUTSOURCING MODELS

Customers have been engaging vendors in different offshoring models. Some of the models are project specific wither the others are on partnership basis. The choice of engagement model depends upon the business environment of the organization, objectives of outsourcing and skills / competencies of organization.
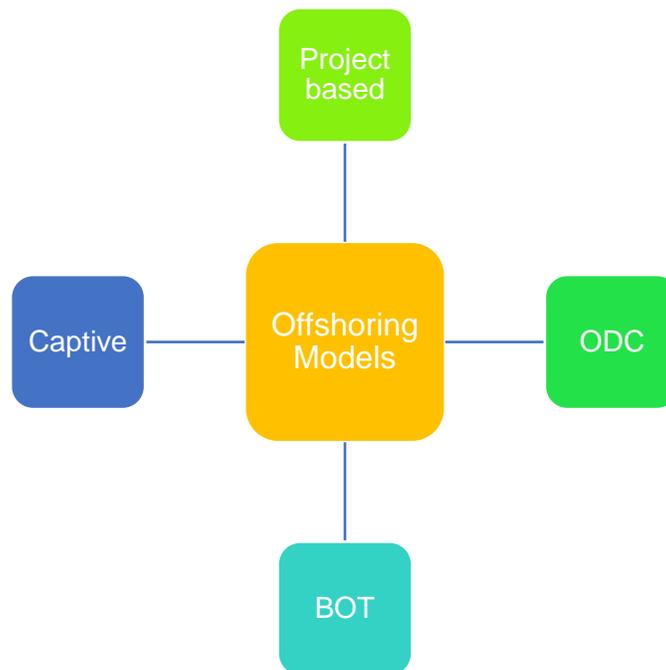

Figure 1: Offshoring / Outsourcing Models [1]

WHAT IS ODC?

Offshore Development Centre is a business model, where Customer chooses an offshore vendor as a strategic partner to establish a dedicated environment as per customer's business needs. Customer would leverage lower operating expenses because of offshoring and can also benefit from vendor's technical expertise through this model. This team work's as customer's dedicated team sitting at an offshore facility. With this model, the customer

can focus on business specifics and overall delivery management and ODC partner can take care of the administration like managing the facility, sourcing and resourcing, attrition, statutory approvals and permissions, quality management etc.

Comparison of engagement models

	ODC	BOT	Captive
Overview	Company-Vendor partnership model, with dedicated vendor resources & setup as per company's needs	Vendor to setup company's subsidiary with eventual ownership (of resources & infrastructure) to the company	Company owned development center
Infrastructure Cost	Handled by vendor	Facilitated by vendor, partially paid by the company	Completely handled by the company
Resource Cost	Handled by vendor, covered through invoicing	Handled by vendor, covered through invoicing	Completely handled by the company
Control over resources	High control, with employment of the vendor	High control, with eventual transfer to the company	Complete control of the company
Resource availability	Responsibility of the vendor	Responsibility of the vendor	Responsibility of the company
Delivery Responsibility	Responsibility of the vendor	Responsibility of the vendor	Responsibility of the company
Operational responsibilities	Responsibility of the vendor	Responsibility of the vendor	Responsibility of the company

Table 1: Comparison of Engagement Models

CHARACTERISTICS OF OUR ODC

Setting up an ODC for a customer is not a casual affair for any vendor. We established a strong partnership with our customer to understand the business objectives of the customer for setting up ODC and key driving factors. We also ensured that our ODC team is closely aligned with customer's vision & engineering roadmap and works as logical extension of customer's own team.
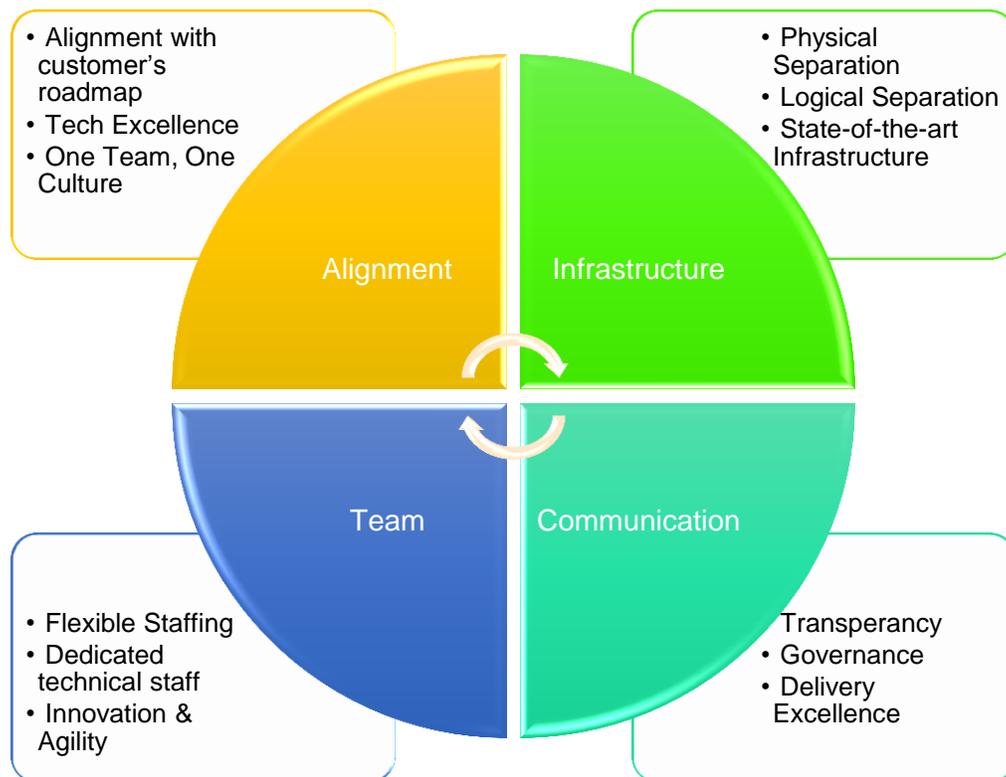
Figure 2: Characteristics of ODC

Some of the unique characteristics of our ODC:

- Quick ramp up of team members, with expertise in required Technical skills
- Cost effective transition plan & Knowledge Management process
- Program governance & management for tracking progress against the transition plan
- Continuous engagement with team members from different locations / time zones
- Information & Data security, IP Confidentiality & other Compliance measures
- Client culture
- Flexible staffing model & Trusted offshore management team

STAFFING AND FULFILLMENT

We had to onboard 150+ team members across 7 different skill sets and technologies in matter of 3-4 months, which was a daunting task in itself. At the same time we had location constraint of having all the team members at one dedicated location in ODC. To make things further complicated, there were also requirements for odd working hours and working in shifts.

1.1 To scale we need systems

Our empirical data suggested that the ratio of profiles to final offer acceptance is 20-30%. This means, to fulfill 150 positions we need to go thru 750 profiles, conduct 300+ interviews and generate 200+ offers. We had internal systems, which we refurbished to offer online tests and evaluation for all candidates, which helped us speed up the first level filtering process.
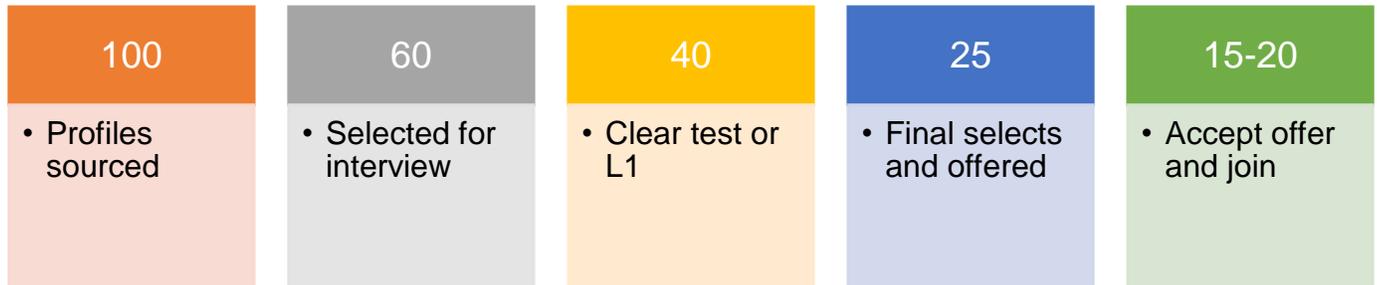
100	60	40	25	15-20
• Profiles sourced	• Selected for interview	• Clear test or L1	• Final selects and offered	• Accept offer and join

Table 2: Comparison of Engagement Models

1.2 Agile way of hiring

To meet this scale, we arranged the "dedicated war rooms", where we had interview panelist, hiring managers and HR teams, sitting in same location in adjacent rooms. Idea was once candidate clears online test, he will be called to our location and entire process from final interview, HR round and offer generation will happen on same day end to end. So instead of doing big bang hiring we conducted focused hiring sprints for each technology and skill area.
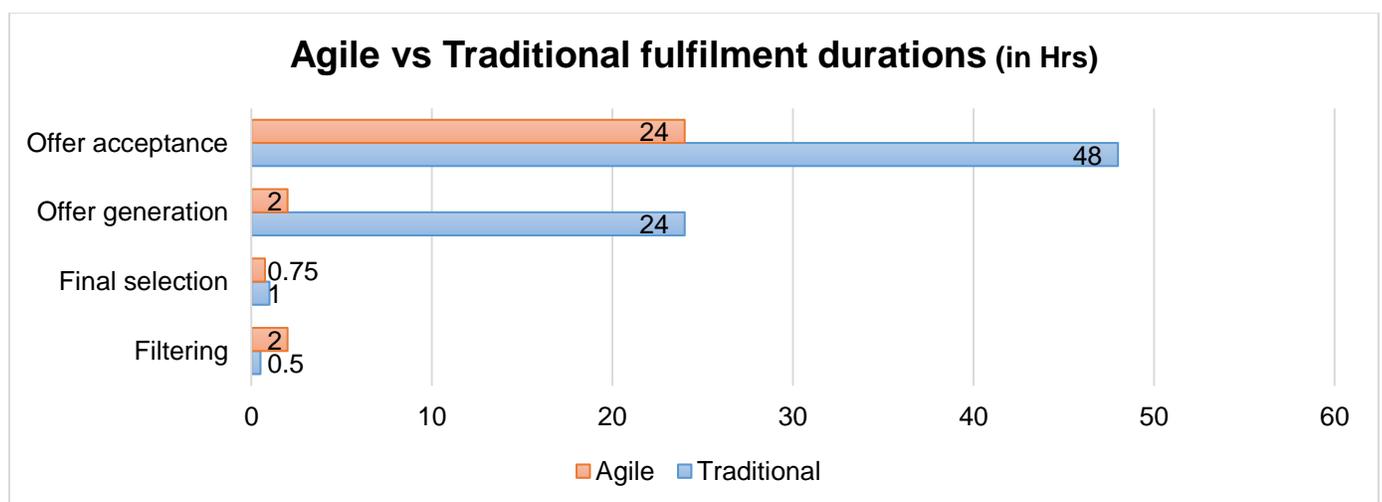
Below are some revealing statistics:

Figure 3: Agile vs. Traditional Fulfilment Duration

By spending more time in frontend activities and through right filtering we could reduce the overall cycle time significantly.
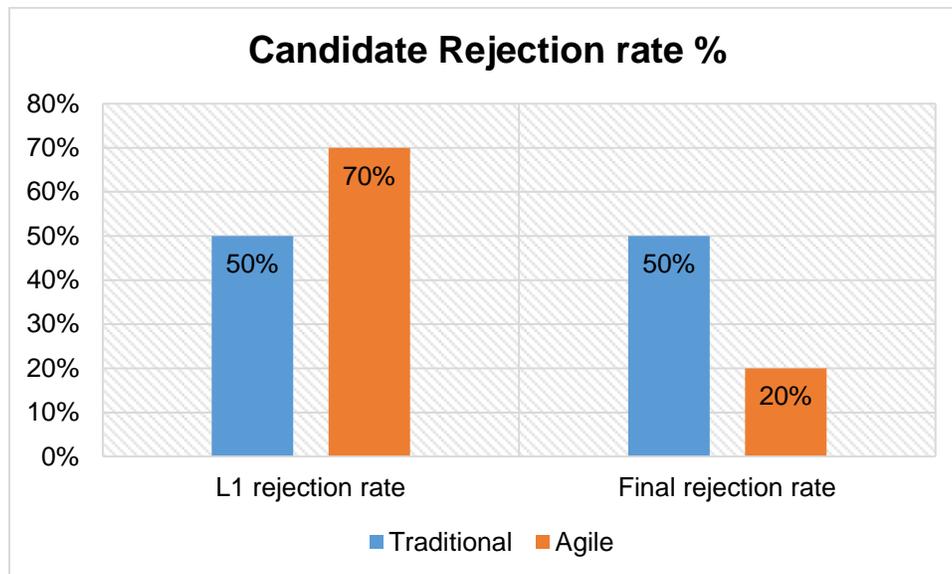
Candidate Rejection rate %

Figure 4: Agile vs. Traditional Candidate Rejection Rate

1.3 Everybody knows someone good (Referrals)

Fulfilling at this scale can only be done if we do some out of the box thinking and apply creative ways. We used another strategy of referrals. Everybody in our current team will at least know 1-2 two people whom they have worked with and can recommend them to join our teams. We created massive drive for referral program; we increased referral rewards and ensured that these items are tracked to the end. We managed to fulfill about 20% of positions via referrals.

KNOWLEDGE TRANSITION

When we started onboarding our ODC team members, we defined a structured Knowledge Transition plan to ensure that the team members understand the application eco-system and are ready to take end-to-end ownership of various applications. Structure KT phase helped us to ensure that the application knowledge is not lost during the transition and at the same time we are building a strong knowledge-base which can be leveraged by our upcoming team members.

Initial Induction / Discovery

- Understand the Products, existing Processes, Governance structure & Roadmap
- Analyze current delivery structures, Timelines, Technical stack
- Identify the dependencies, areas to focus on for KT

Creation of KT Plan

- Identify training needs for the team (Technical, Product as well as Processes)
- Plan & design with a focus on training, communication and Program Management
- POC for building the environment and reverse engineering

Shadow Model

- Team members to work on small tasks
- Team members to implement small tasks, defects and get it reviewed
- Documentation & Knowledge Management

Extended/Parallel Team

- Team members to work as extended team members of existing teams
- Team members to take up individual functionalities
- Reverse KT

Steady State

- Team to own independent modules or products
- Team to follow the defined engineering practices
- Assess skills and competencies of the team members regularly

Table 2: Knowledge Transition Phases

GOVERNANCE

Foundation of any Offshore Development Center is complete transparency amongst the partner organization and joint governance mechanism. We established ODC Program Management team that ensured smooth operations of the ODC and regular updated the client's management team. We also established Program Management Office (PMO) and Joint Steering Committee consisting of executive team of both the organizations. We have also created custom tools and templates to provide updates of various phases of ODC setup & stabilization accurately.

Focus Areas

- Strategic Program Direction, Governance, Risk and Mitigation

- Contract Management
- Service integration
- 3rd Party management
- Risk management
- Engineering Interventions

- Planning and prioritisation
- Tracking and performance reviews

Governance Forums

Joint Steering Council (JSC)

Program Management Office (PMO)

Technology Innovations Forum

Project Management

Support & QA Management

Service Management

Knowledge Management

Metrics & Measurements

- Engagement Health Reviews

- Stakeholder Feedback
- Assessment of Program/Projects Status, ROI, Risks, Resources, Budgets

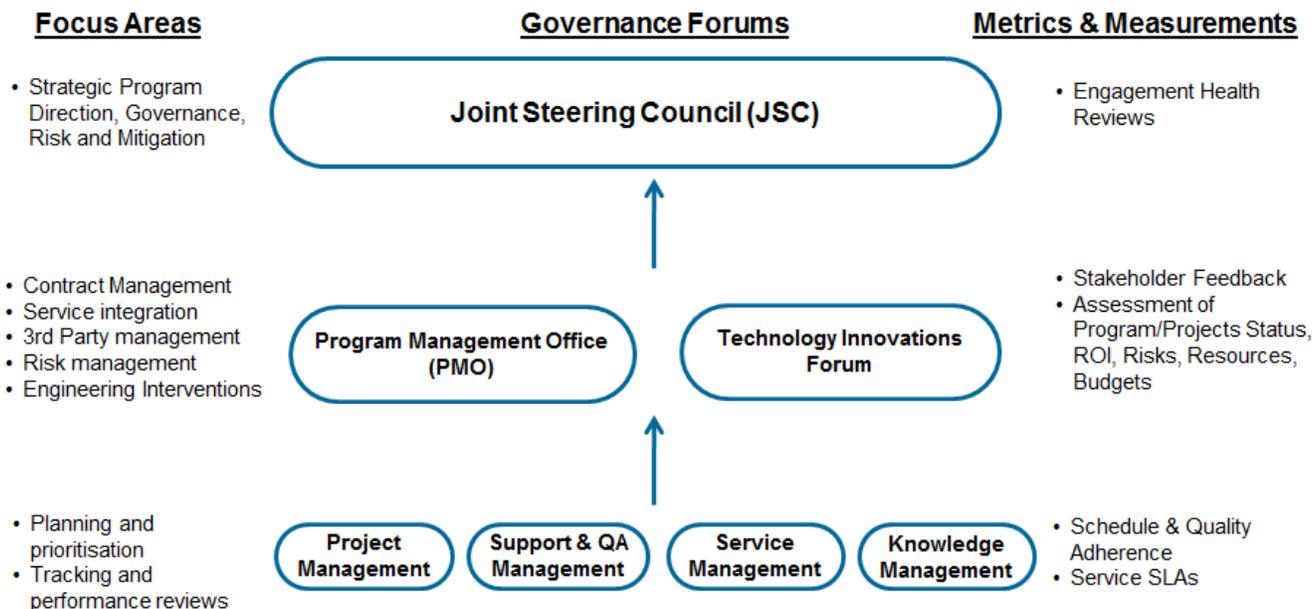- Schedule & Quality Adherence
- Service SLAs

Figure 5: ODC Program Governance

Considering the unique aspects of our ODC, we tailored our Program Management and Governance processes to ensure that we not only establish a strong team but also develop a team that aligns smoothly with customer's business priorities and roadmap. In-line with Agile principles, we are developing self-managing teams where the teams handle the responsibilities of various deliverables and at the same time, continue build an environment of innovation. Strong program governance processes also help us in ensuring that any risks are identified quickly and communicated with US management team promptly along with recommended suggestions. Open and transparent communication amongst all the team members from both sides is helping us strong trust and "One Team One Culture" environment.

PROGRESS TRACKING

We have developed various models for tracking progress of various aspects of ODC setup, onboarding and operations. We are using different Process Indicators like the work user stories delivered, SLA adherence and other compliance aspects. We have also established various management indicators to identify team utilization and deviation against the plan. We have developed various reports that present inputs as well insights regarding smooth operations of ODC as well as any risk indicators. Since strong Customer Experience has been at center of all the activities we are performing at ODC, we have developed a mechanism through which we receive feedback

from customer management team regularly and plans are tailored or updated accordingly.

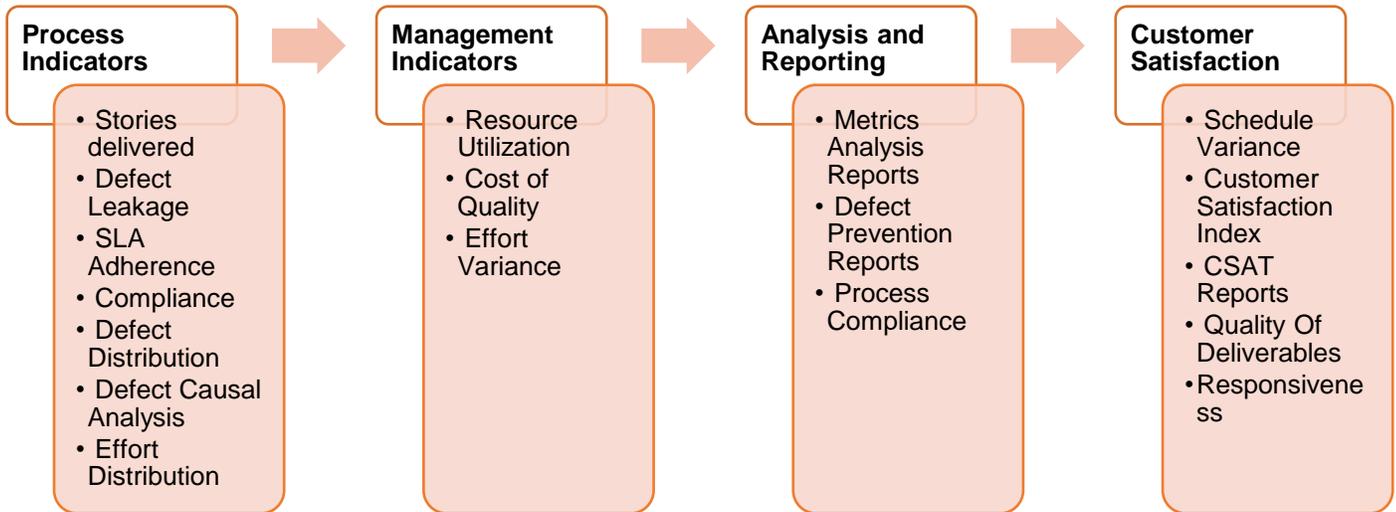| **Process Indicators**	**Management Indicators**	**Analysis and Reporting**	**Customer Satisfaction**
• Stories delivered • Defect Leakage • SLA Adherence • Compliance • Defect Distribution • Defect Causal Analysis • Effort Distribution	• Resource Utilization • Cost of Quality • Effort Variance	• Metrics Analysis Reports • Defect Prevention Reports • Process Compliance	• Schedule Variance • Customer Satisfaction Index • CSAT Reports • Quality Of Deliverables • Responsiveness

Figure 6: ODC Progress Tracking Indicators

We are also ensuring that our Delivery Excellence and Customer Satisfaction mechanism is based on culture of Continuous Improvement, Open and transparent project governance mechanism and measurement models to ensure that any deviations identified well in time. The ODC environment and partnership based engagement with customer is helping us to suggest and implement process improvement not only at our side but also at customer's end, which is helping to establish consistent processes across the engineering organization.
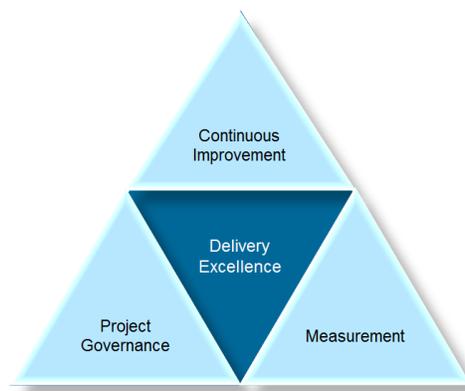
Figure 7: ODC Delivery Excellence Framework

CRITICAL SUCCESS FACTORS

With the engagement of such a large size and much at stake, we had to ensure that the critical success criteria are defined and well understood in the beginning.

Success is holistic

Follow is the spider web diagram over which we are being measured.

Figure 8: ODC Success Factors

Success is a journey

We always knew that having excellent scores just once in a while is not going to work. We have to be very consistent about what we deliver and how we deliver on a very regular basis. It is also important that our teams know this and codify these in their day to day work.

Not just measurements but mission

We can have all the measurements that we can but just measurements rarely change behaviors. We have to ensure that teams make it their personal mission to deliver a high quality work so that our critical success criteria are achieved. We encouraged teams to set their own team level goals, come up with ideas and suggestions to deliver above and beyond.

Not just processes but habits

Processes are there and they are required but a key aspect is not to just follow them for sake of following. It then becomes just a check mark in somebody's list. What we did was to actually break down the processes into small habits that teams need to have, which they will follow on day to day basis. This helped teams really see how what they do daily contributes to the big picture.

QUANTIFIED BENEFITS TO BUSINESS

The objective of forging partnership with our customer has clearly quantifiable business benefits. These business benefits are the foundation of partnership and we have to ensure that they are delivered.

Number of ideas and improvements

Due to diverse workforce and our strength in cutting edge technology we managed to suggest various incremental improvements and innovative ideas that directly impact IT and business.
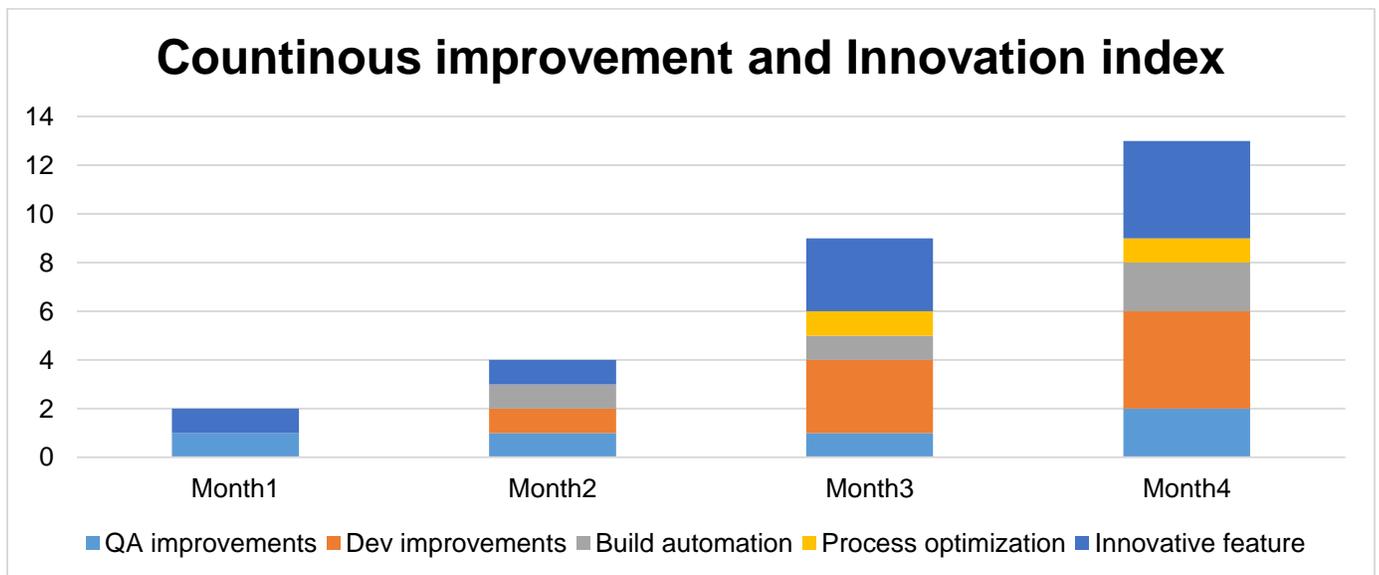

Figure 9: Innovation Index

We also developed unique 4-0-1 model, to foster an environment of innovation and control project delivery challenges or escalations. Continuous improvement and controlling delays is helping us to achieve the third dimension of this model – Customer appreciation.
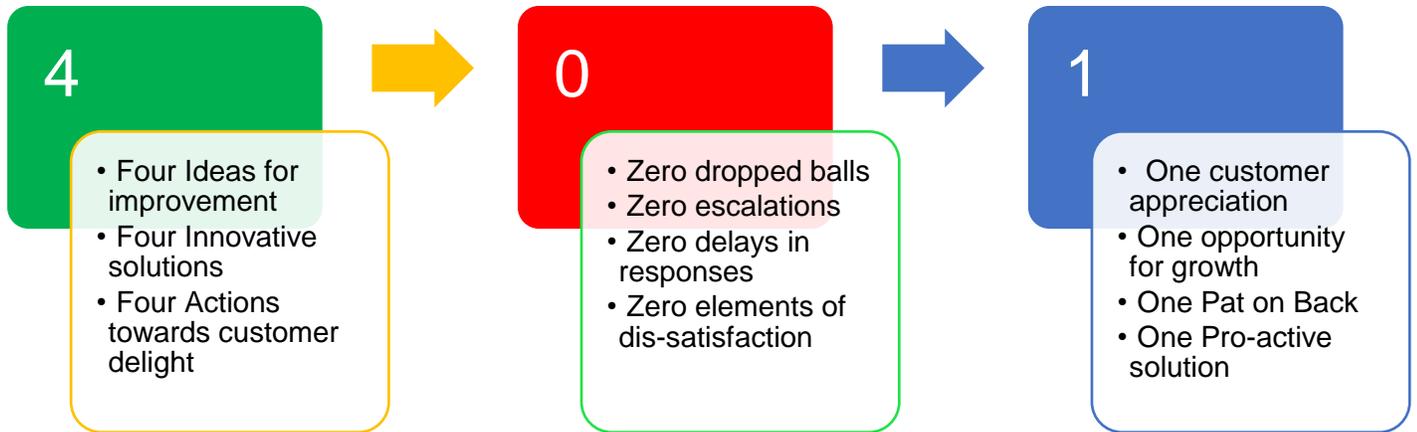
Figure 10: 4-0-1 Model

Agile maturity for improved time to market

With agile processes getting implemented across applications and various business areas, we have started seeing significant process improvements and that has resulted in improved time to market. Below chart show it for one such application. One of the final benefits of this is the ability to reduce costs significantly. These funds will be re-purposed for other areas. Significant cost savings of 25% to 30% is anticipated.
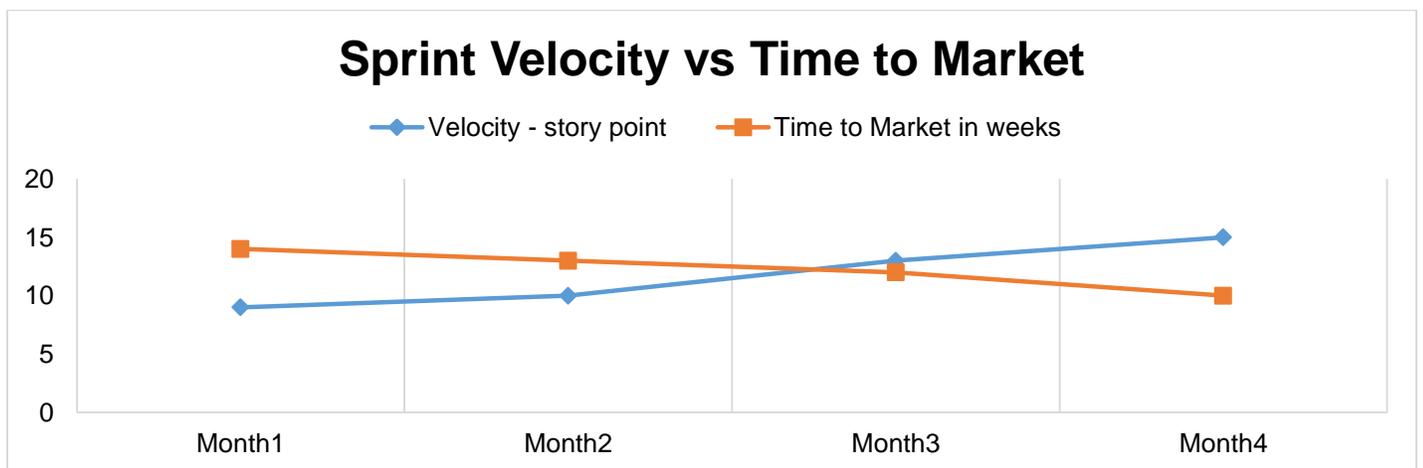

Figure 11: Improvement in Time to Market with Agile

BEST PRACTICES / LESSONS LEARNED

- Trust is the foundation of any relationship!
  - It is important to have complete openness and transparency between the partners (customer & vendor) for ODC model to be successful. Collaborative efforts are required from both the sides for build the ODC team and strengthening it.

- Customer's extended team
  - The performing organizations as well as the ODC team members need to understand that they are working as extended team of the customer and the environment should be tailored accordingly.

- Agile as mindset, not just the technology
  - The team can be successful in project delivery any other operations if they follow 'Learn-do-learn-do' pattern than just 'Learn-learn-learn-then-DO'.

CONCLUSION

As the new business and IT models emerge, we have to align ourselves by continuously unlearning, re-learning and embracing the new wave of change. Greenfield initiative of setting up an ODC that is based on Agile principles and leverages innovation in technology and processes goes long way on delivering customer promise.

For such large initiative WHAT part largely remains same, it's the HOW that really defines the success and overall customer experience. Pragmatic, out of the box ways, 'one team' philosophy and culture of innovation helped us push the envelope far ahead than traditional proven ways would have allowed.

We would like to conclude by saying that for Indian IT industry that is in constant pursuit to gain edge above competition, building strong customer collaboration and defining HOW in engagement is going to be the true "differentiator".

REFERENCES

[1] Offshoring Models - https://en.wikipedia.org/wiki/Offshore_software_R%26D