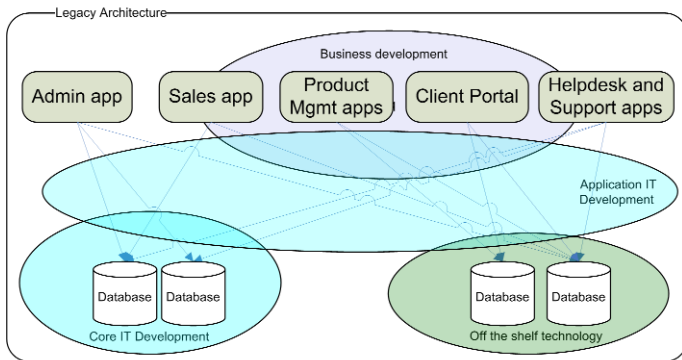


Offshoring, Year 2007

According to the Gartner Group, offshoring will grow this year. Over the past several years outsourcing and offshoring have considerably changed. There were some good results, and some questionable results. The whole industry has learned something from this experience. It has become more clear that IT structure is not a convenience of itself, but is rather tightly coupled with the business structure and business culture. This conclusion is currently causing a general review of the business architecture and a review of the IT structure in particular. The shape of the expectations has also changed. Emerging development of the Web 2.0 causes new opportunities and a completely new market which is powerful enough to bend previous conceptions of the community, data privacy and copyright.



Legacy architecture: each service has its own particular design, particular software, technology, and is targeted to a group of users.

No matter whether you are trying to participate or avoid it, the changes will affect your business in one way or another. Changes in the information universe cause changes in the software development. Globalization of the business infrastructure is opening new horizons. The whole consumer service pyramid is about to be rebuilt nearly upside down, with IT and broadband networks to be laid as a cornerstone of the whole construction.

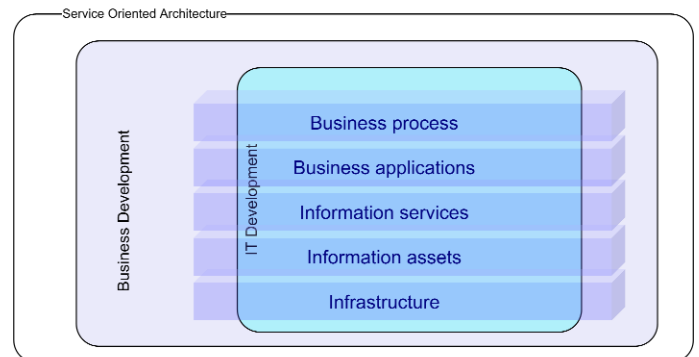
Software Development

Software development has been seriously influenced by the open source development. The clash of the cultures was not only about the license itself. As a result, not so many software vendors joined the open

source, but most have changed their approach to the development cycle. Early adopted software becomes more and more competitive despite of the quality issues. Market accepts it long before it becomes complete and well supported. Early adoption and "long tail" effect shakes the confidence of the biggest IT vendors. There is reason to worry: innovation becomes mature at the same time as it becomes obsolete.

IT Management

IT Management is as challenging as it ever been. To gain leadership either in a niche, or in a global market, usage of technology becomes a key to sustainable growth. Correct choice of technology and correct implementation of the business infrastructure results in long term sav-



SOA: reusing the same technology for all services, the same implementation and design rules. Cross functional design is targeted to all users and all business groups.

ings and hence lower service cost, and finally distinguishes the winning business from the competitors. New approaches and new markets created by the globalization of the infoosphere are now explored by the pioneers and are opening up to everyone.

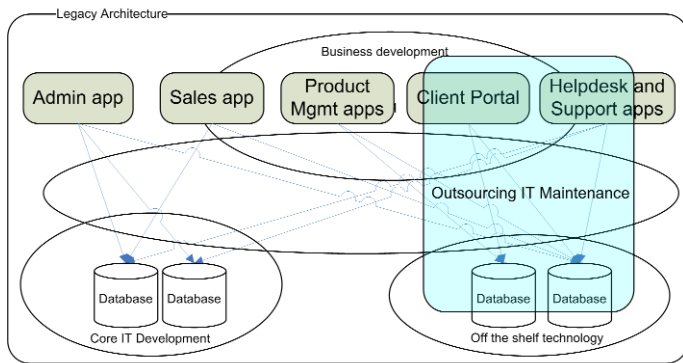
Efficiency and Compliance

A good balance of efficiency and compliance at this stage becomes an art rather than a science. Practices develop faster than standards. Finally developed practices are outdated before finalized, due to changing technologies and new market leaders. It becomes important to atomise the development process and allow some tem-

porary common sense trade-offs where the established practices fail. Ability to do so distinguishes the fastest emerging market leaders.

ITIL Pragma

One approach, or rather a palette of approaches to business-driven IT, has been canonised as the IT Infrastructure library, "ITIL". What can we learn from it? It wouldn't be fair not to recognise the value of their effort of creating a record of the history of best practices in the IT industry. However, the development is more rapid than the typography press, and trying to directly use their recommendations could be compared to planning your holiday based on the resort recommendations found in a five year old holiday review. When you need a weather forecast for the coming two weeks, the atmospheric pressure and temperature curves of the past years are of little value.



Legacy outsourcing was concerned with off-loading the burden of IT maintenance.

SOA

A significant merge of business and technology development manifests itself as a set of principles known as the "Service Oriented Architecture" (SOA). The business structure now dictates the software layering, and vice versa. Liaison of the business process with the business IT architecture is somewhat controversially nicknamed SOA 2.0, probably just to emphasize the importance of "2.0" in the current Web development. Disrespectful of the versioning, uniform approach to the business process allows to optimise the procedures, to automate and speed up the workflow, and achieve great savings everywhere from software development to staff training. Global infrastructures become user-, service-, and process-transparent, allowing a higher extent of flexibility and agility to the rapidly evolving market challenges.

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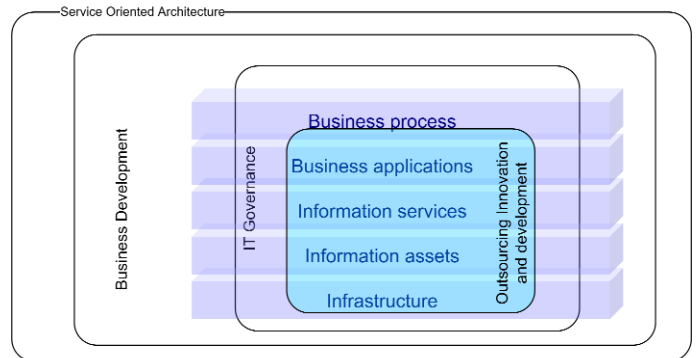
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IT Governance

In view of the growing role of IT development in the overall business strategy, it becomes important to rely on early feasibility analysis, duly estimate incurred development costs and mitigate business risks. Business driven review of the IT strategies has become generally adopted under name "IT Governance" where in-depth understanding of the technology trends needs to be combined with the overall business analysis in order to build reliable development strategy in view of rapidly changing IT market climate.

Outsourcing Innovation

Outsourcing IT development today becomes the most efficient way to rapidly achieve competitive results in business modernisation. The complexity and vari-



Tight coupling of business development and IT development creates new opportunities to achieve strategic advantages in technology development by outsourcing the business renovation phase.

ety of choices encourages companies to look for external solutions to their IT challenges. Lesser capital and technology investment, lesser management and deployment burden, and finally lesser impact on the personnel, currently place IT outsourcing on the top of the corporate priority list. Companies outsource their IT development today not just to off-load the technical burden of IT, not only to get it done cheaper, but also to simplify the management, enable innovation, and finally speed up the business development.

Offshoring

Offshoring IT development is probably the only way to get cost savings and top quality service in the same deal. Outsourcing plus job export can offer top level engineering teams, at lower cost. Does it solve all problems? Is it as efficient as it seems? Some people argue today that the earth has again become flat. Who knows.

We only know that it is still important to walk the distance.

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