Articles

Choosing the Right Outsourcing Destination

Outsourcing is the most effective and time-tested strategy to stay competitive in the global market. Offshoring is also the most economical way for your company to meet market challenges, such as, technological advancements, increasing business competition and rapid globalization. Outsourcing to a low-cost destination can give your business a competitive edge by helping you reduce operation and production cost.

Now that you are convinced about outsourcing, the next step is to choose the right outsourcing destination. Though the cost factor is a main benefit, there are several other factors that you must consider before you choose an outsourcing destination.

1. Data security & privacy

The security and privacy of confidential business information is something that every outsourcer will be worried about. Recently in China, a few outsourcers experienced a misappropriation of Intellectual Property and trade secrets, causing global companies to re-think about data protection issues. Since different outsourcing locations follow different regulations, it is better to get details on the data protection practices employed by the country that you wish to outsource to. As an outsourcer, you must also check the country's network security policies and the reliability of their IT infrastructure. Choose an outsourcing location that has stringent data security and privacy policies in place.

2. Skill sets

Each outsourcing destination can be differentiated on the number of graduates that it produces every year and their specific areas of specializations. For example, if you are planning on outsourcing IT-related services or software programming, India would be your best bet, as Indian graduates are well known for their skills in software programming. If you are going to outsource engineering or manufacturing, then it would be best to opt for china, as the Chinese are famous for their manufacturing abilities. On the other hand, if you wish to outsource customer support, you can choose the Philippines, as Filipino graduates are known for their expertise in English. When you are looking for an outsourcing destination, ensure that you evaluate your decision based on the skill sets that you require for a particular business operation.

3. Currency rate

The currency rate of various outsourcing destinations is an important factor that must be checked. The sharp variation in the currency rates is the reason why outsourcing locations offer services at a lower cost. Before choosing an outsourcing location, you must consider the volatility of different markets, exchange rates and their fluctuation over a period of time.

4. Government support

It is integral to choose an outsourcing location which offers government support, as this can determine the success of your offshoring project. Only with government support, can there be a smooth flow of operations in the process of outsourcing. Look for government support

in terms of employment regulations, tax relief and public infrastructure amongst others.

5. Other important factors

When looking for a suitable outsourcing location, it is important that you consider factors such as, cultural issues, language issues, time zone difference, political environment, social environment and safety which can have an indirect impact on the execution of your outsourced project.

India wins over China as the most preferred outsourcing location

India and China are currently the leaders in offering low cost outsourcing services and skilled resources, but India still remains the number one choice for global outsourcers. Here is an interesting comparative analysis between the two countries:

Outsourcing Factors: Business Languages Spoken
China: Mandarin
India: English / Hindi

Outsourcing Factors: Quality Standards
China: CMM Level 3
India: CMM Level 5

Outsourcing Factors: Global Outsourcing Reach
China: Limited outsourcing reach beyond China
India: US, UK, Eastern Europe, Latin America & China

Outsourcing Factors: Infrastructure & technology
China: Superior infrastructure & technology, but not as robust as India
India: Best-of-breed IT infrastructure within Technology parks

Outsourcing Factors: Business Skills
China: Limited experience & skills when compared to India
India: Extensive experience in meeting the requirements of global IT customers. Excellent skills in business analysis, project management etc.

Outsourcing Factors: Popularity
China: Ranked as No 3 in outsourcing among Eastern Europe regions
India: Ranked as No 1 in outsourcing, IT & ITES among Western countries

Outsourcing Factors: Average IT Salary for IT Resources
China: $10,095
India: $9,896

Choose India as your outsourcing destination

Among the outsourcing destinations in the world, India tops the list as the most preferred outsourcing destination. Some factors which make India an attractive outsourcing location are:

  - India is a diverse outsourcing location that can handle any type of service, whether it is

related to IT or IT-Enabled Services. You can find a suitable vendor in India for any service that you wish to outsource

- India has a large, talented, skilled and tech-savvy workforce that can provide quick solutions at an affordable operating cost

- With more than 25 years of outsourcing experience, India has a proven reputation of its high-quality services

- Indian IT companies ensure 100% data privacy, security and confidentiality by taking stringent site and network security measures

- As an outsourcer to India, you will not face any language barriers, as many Indians are well-versed in English

- India has a stable government which has always supported the IT industry and promoted India as a safe outsourcing destination

Outsourcing to India can help you to strategize your priorities, concentrate on core competencies, and save on operational cost. Make the most of outsourcing, by choosing India as your outsourcing destination. Contact us to get started with outsourcing.