ONSITE OFFSIDE MODEL IN IT SECTOR: HOW INDIA BETTER THAN OTHER COUNTRIES

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ABSTRACT:

In the past few months, India has confronted a series of bad news: poor credit offtake, rising non-performing assets, the crisis in the shadow banking system, loan write-off offers from political parties to woo farmer votes, farmer deaths, farm distress etc. But, at least one sector is doing swimmingly well is IT & BPO.

KEYWORDS*: political parties , shadow banking system , farmer deaths.*

INTRODUCTION:-
One would have thought that this sector would be in a funk. The US has been threatening to reduce the number of visas for software professionals. There is talk about family members not becoming eligible for dependency-visas; then there is talk about reducing the dependence of the US on software exports from India. All that might be true. But equally true is the fact that India has managed to maintain its share of the global sourcing markets.
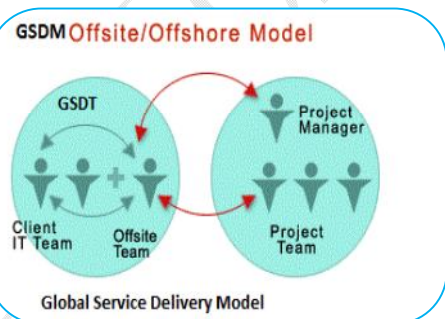
ONSHORE MODEL:
Onsite Delivery Model, often called onshore model as well, is defined as a way of software development and delivery when vendors send their qualified employees to the client's site. The vendor team continually interacts with the customer's team members. Together, they collect information, develop, implement, maintain and support the project. One distinctive feature of the onsite model is that the tasks assigned by a customer are completed by the outside employees. This type of engagement model is a perfect fit for short-term projects. Customers choose the onsite delivery model mainly for re-engineering projects with a repetitive scope of work. The other case is when customers have unclear requirements for the project.

OFFSHORE MODEL:
Offshore development is a popular delivery model which is based on the vendor's site. The offshore delivery model is also known as outsourcing. The customer's order software development from the developers in a different country. The client has no face- to-face interaction with the vendor. However, a customer can communicate with the team members via Skype, phone, video calls, etc. This way of software development is good for well-structured and planned projects which have clear documentation. The offshore development centers are quite popular nowadays.

HYBRID MODEL:
A Hybrid Model is a mixed type of onsite and offshore cooperation. This engagement model is one of the most successful models used by lots of companies. The work is distributed between onsite and offshore teams. Typically,

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20-30% of tasks are completed by the onsite employees and the rest is done by the offshore team members.

**How the onsite and off shoring Services came into existence**
Exploring American via Singapore:

The success of 8C on home turf encouraged HCL to explore export markets in 1980. It ventured into manufacturing 8C in Singapore for Southeast Asian markets, taking advantage of tax breaks and subsidies offered by the island government under its Pioneer Status Scheme. The unit, Far Eastern Computers Pte Ltd (FEC), manufactured microcomputers using components and parts imported from India. Taking a cue from the success of an aggressive marketing campaign in India, the company placed full-page advertisements in *The Strait Times* announcing the launch of its system with the tagline "Computerization, Not Just Computers." Rebranding 8C as Abacus for Southeast and Far East Asian markets was also a clever idea, given predominance of Chinese – origin businesspersons in Singapore. In five months – August to December 1980 – the company booked orders worth 1 million Singapore dollars. "The whole idea of FEC was that we didn't want to be a big fish in a small pond. We were willing to be small fish in a big pond. Singapore was our window to the world," as one of the founders put it.

HCL devised a novel way to supply software for its microcomputers sold in Singapore. In order to develop customized applications for computers sold in Singapore, a Software Exports Division was set up in Madras in South India. Since commercial data links for software export-satellite or undersea-were not yet in vogue, a complex system was followed. FEC engineers would conduct systems analysis in Singapore, then send details to Madras, where programmers would write the software and put it on a floppy disk and courier it to Singapore. But this model had inherent pitfalls. Floppies were unreliable. Often, the data sent via floppies became corrupted or simply vanished by the time it reached Singapore this led to new line of business – dedicated offshore software development – for the company. The experience would prove useful when HCL returned to software development and services in the 1990s.

One result, in the 1990s, was the new business model of 'on-site plus offshore'. This was a truly disruptive model, completely changing the topography of IT trade. It synchronized with the growing trend (led by manufacturing) to outsource work. The combination of outsourcing and offshoring – invented, one may say, by Nasscom and the Indian IT industry – created a tectonic shift: for the first time, large chunks of IT work were now done thousands of miles away (in India) for customers from the developed world (located in the US), the UK or Europe). Over time, this has now become the norm or the standard model, with software work being done in 'delivery centres' – captive (owned by the customer) or third-party facilities – in cities and countries around the world.

Onsite/Offshore Model

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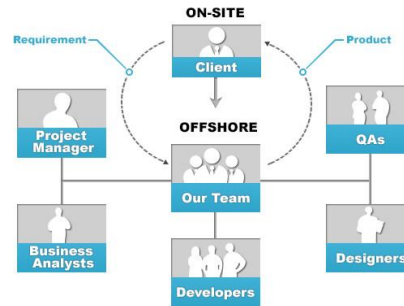
Key advantages of Onsite offside model in IT sector:
- Increase in Productivity
- Availability of Talented resources
- Cultural Gap
- Profitability for both
- Trust between IT Partners
- Direct communication with client

Benefits of Onsite Model:
- Requirements not being defined at length
- Ability to dynamically and continuously change deliverables or requirements
- Tough and rigid deadlines
- Constant availability of support
- Direct interaction with client stakeholders
- Scalable staff augmentation
- Moving across time lines
- Mission-critical Projects
- Open-ended and iterative nature of project scope
- Well-suited for projects that are highly secured and confidential

Benefits of Offshore Model:
- Readily available, experienced resources
- A skilled sub-team to complement your own onshore/onsite teams
- Potential for near round-the-clock capability to reduce cycle times
- Capable of handling long duration and large projects
- 24/7 turnaround of development efforts
- Time-to-market with right cost
- Project maintenance
- Established business processes

Cost comparison between U.S.A. and India:
The below is the cost comparison of software professional salary in India and USA.

Country	Average Monthly Salary(in Rs.)
USA	Rs.5,40,000
India	Rs.80,000

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Cost analysis of India with other countries:

(Note: 1$ = Rs70)

Cost analysis of an IT professional in India with other countries.

Country	Average Monthly Salary (In Rs)
Australia	6,15,000
USA	5,40,000
Switzerland	4,02,000
Denmark	3,38,000
Germany	3,35,000
UK	2,50,000
Japan	1,80,000
Malaysia	89,000
India	80,000
Philippines	43,000

Outsourcing workforce from Australia requires the higher pay when compared to the other countries. The United States is the second most paid countries out of the ten. On the other hand, India is in the 9th position being one of the least paid countries. Hence, hiring a workforce in India is much cheaper than the United States. Even though the employees in the Philippines requires the least amount to work. The country doesn't have proper internet connectivity, communication, and other factors that are essential for outsourcing. Hence, outsourcing work to India is a wise option.

Key Factors besides Cost of Outsourcing USA VS India:

In addition to the cost, there are several other factors they consider before outsourcing the work. The major factors that determine the decision to outsource a project are: –

1.Time taken to complete a project: When you assign a project to a third-party entity you specify a budget and time frame to complete it. If you will handle a task internally, you will be responsible for the cost escalation due to delays. While in case of outsourcing, your project cost would not be affected due to any delays (as you have a contract specifying completion of the task at a given budget). It is important though that you hire a reputed vendor only with a proven track record.

2.Quality of work: Outsourcer must pay close attention to the quality of work that a vendor boasts about. In any scenario, hiring a reputed vendor with a proven track record is desirable as compared to a new vendor without any credentials to show. They need to ensure that the vendor who is working on the project should comply with the quality standards you follow. Otherwise, it might affect your business adversely.

3.Ease of communication: To ensure seamless completion of the project, it is imperative to hire dedicated offshore developers with whom outsourcer can exchange ideas easily. The major parameters to consider are geographical distance, the language of communication, the difference in time zones, and cultural differences. Companies prefer to outsource work to the vendors that can fulfill these requirements effectively without compromising the quality of work.

CONCLUSION:

Since last many years, India has emerged as the preferred outsourcing destination for companies in USA, UK, Australia, and various other countries. Most of the people in India speak & understand English easily. In fact, English is the official language of communication for many sectors in the country. In India, the average salary much lower than the US. This ensures the completion of the projects at comparatively lower costs and that too without any compromise on quality. Moreover, the Indian government has enacted several rules and legislation to safeguard the interests of foreign

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companies and investors. All business transactions are governed by well-defined laws and regulations. Because of such laws, the chances of frauds are very less.India boasts about its youngest workforce in the world at present. Indian youngsters are adept at handling complex IT and service related tasks with ease. This trait of Indians helps the companies in the US to believe in their skills.