

A Trading House

(Solutions / ODC / Methodology)

Case Study

A Trading House

Worldwide (the name has been changed to protect the customer), a Trading house in the business of importing and reselling goods in USA has a total staff of 150, with about 10 in the IT team working on building applications and maintenance. The monthly burn rate for the company was about one million dollars and was fast exhausting its cash. They were looking for some help in the Software development in order to curb their burn rate. They were evaluating some vendors to whom they could outsource their s/w development / maintenance requirements. But, to their dismay, they found out that the amount of savings that they could achieve using an offshore s/w development vendor was not substantial.

Direction approached them with the unique value proposition of DDCI whereby they could immediately reap benefits by setting up "almost their own" development centre in India without substantial cash outflow.

Worldwide was initially sceptical of the privacy protection, and control on the project team etc. In addition they wanted to see a long term commitment whereby, they could, if they chose to set up their own centre in India at a later point in time, transfer the "key" resources within the team that would be set up for them in India in their DDCI.

Under this service, Direction offered not just the ready infrastructure for their software engineers to work productively from Day 1, but also offered a substantial portion of the employees transferable to Worldwide's payroll if they chose to enter the country in a complete way. Direction offered on demand connectivity between their US office and DDCI.

In addition to the engineers with the right skill sets as mandated by the customer, Direction offered a project coordinator in the US whose task is to manage the overseas project coordination between the two teams. This way, Worldwide could have it's own systems, processes and procedures and protect their privacy.

Worldwide's DDCI in India was up and running in 2 weeks from the start of the engagement, and over the next 2 weeks the team got trained and was productive in the client's domain. Worldwide could see a cost saving of in excess of 60% by using Direction's DDCI offering. Today Worldwide has a dedicated team of 6 software engineers working at their DDCI, supporting their development and maintenance issues. In the bargain, Worldwide now has a true 24/7 operation supporting their business.

How does the costing work?

This is just an illustrative example.

Cost of employment of a Junior-middle level engineer in the US: (Employee cost to the company including overheads and health insurance, 401k etc.)	USD 80,000 per annum
Cost per consultant through DDCI: (including the consultant's salary, DDCI facilities and Infrastructure, margin for Direction etc.)	USD 30,000 per annum
<i>All costs are transparent to the client, including the overhead and consumable costs.</i>	

The cost per consultant in DDCI is about 40% of the cost per software engineer if employed in the US.

Note:

- *This case study is merely meant to provide a flavor of the kind of services we provide.*
- *Certain details and identities have been disguised in order to protect client confidentiality.*

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