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Project management and Nearshoring

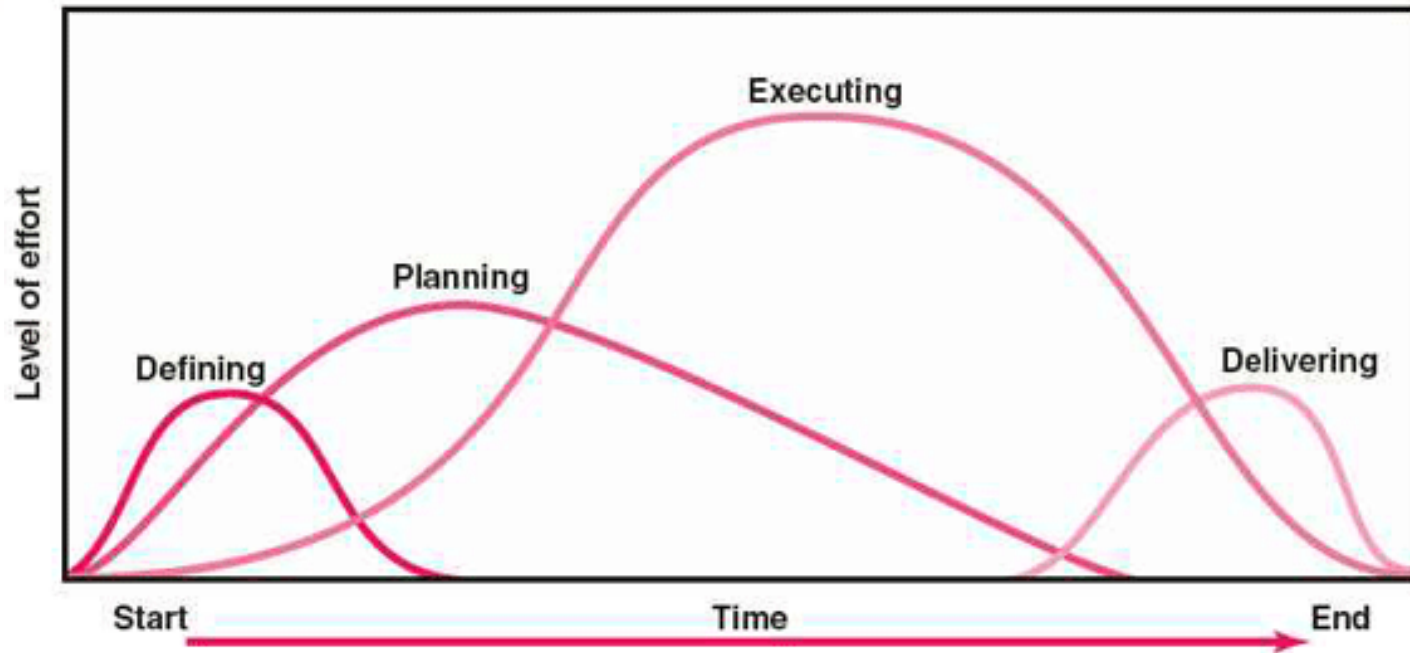
Issues to be considered

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Successful project delivery



Project lifecycle



Defining

1. Goals
2. Specifications
3. Tasks
4. Responsibilities

Planning

1. Schedules
2. Budgets
3. Resources
4. Risks
5. Staffing

Executing

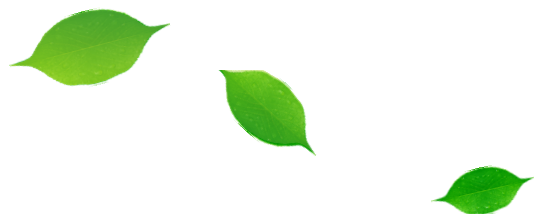
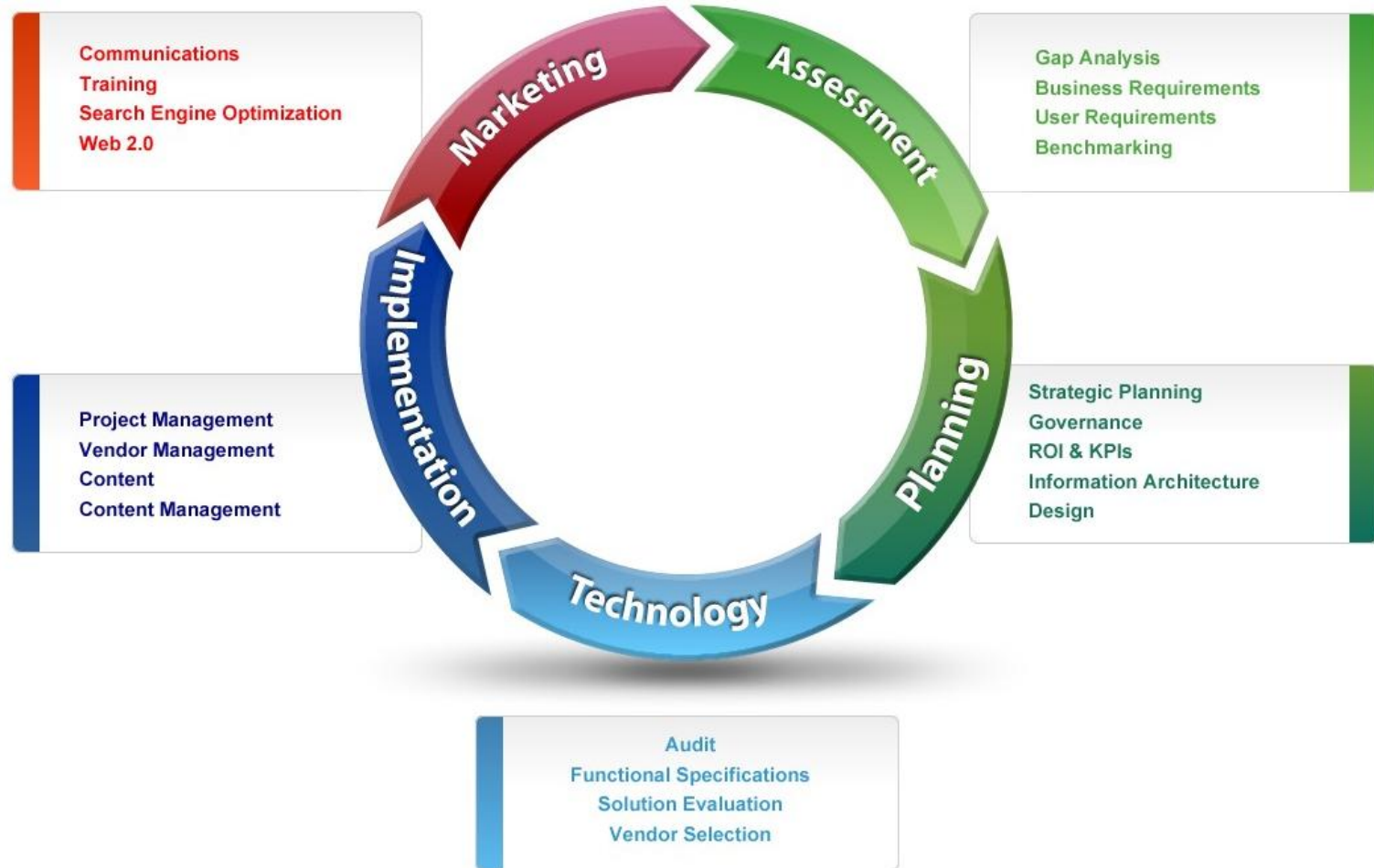
1. Status reports
2. Changes
3. Quality
4. Forecasts

Delivering

1. Train customer
2. Transfer documents
3. Release resources
4. Release staff
5. Lessons learned



Project lifecycle; Online services



Project success and failure

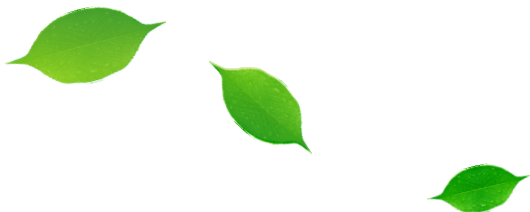
Top 5 success factors:

1. User Involvement
2. Executive Management Support
3. Clear Statement of Requirements
4. Proper Planning
5. Realistic Expectations

Top 5 failure factors:

1. Lack of User Input
2. Incomplete Requirements & Specifications
3. Changing Requirements & Specifications
4. Lack of Executive Support
5. Technical Incompetence

Standish Group's CHAOS Report 2008



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Project management in nearshoring

- "Project as normal"; same methods and practices
- Most ICT companies certified in project management, quality, technologies...
- Consider also following issues:
 - **Communications**
 - Quality management
 - Requirement management
 - Change management
 - Resource management
 - Cost management
 - Risk management



Lessons learned in nearshoring project ?

1/2

- **Make good homework before starting**

- Define nearshoring case, check documentations and plans, calculations and cost structures. Make both high level and detailed planning, ensure needed teams and members, confirm needed services.

- **Starting the relationship is critical**

- Ensure that members and teams get to know each others. Make kick-off with team, company presentations, and regular onsite-meetings. Give proper case briefing.

- **Ensure knowledge transfer**

- plan for detailed knowledge transfer, with documentations review, discussions, shadow support and reporting.



Lessons learned in nearshoring project ?

2/2

- **Direct communications at all levels are important**

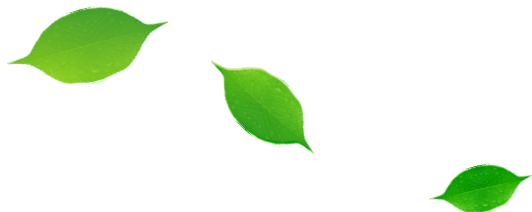
- Shortens the time required for solving technical problems, modifying the code, detailing requirements and problem descriptions; allows to avoid overloading the customer-side managers with the questions related to dedicated team operation

- **Access to the customer internal network is essential**

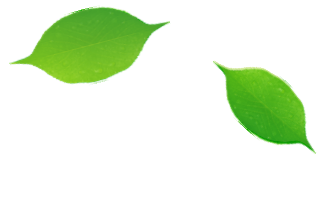
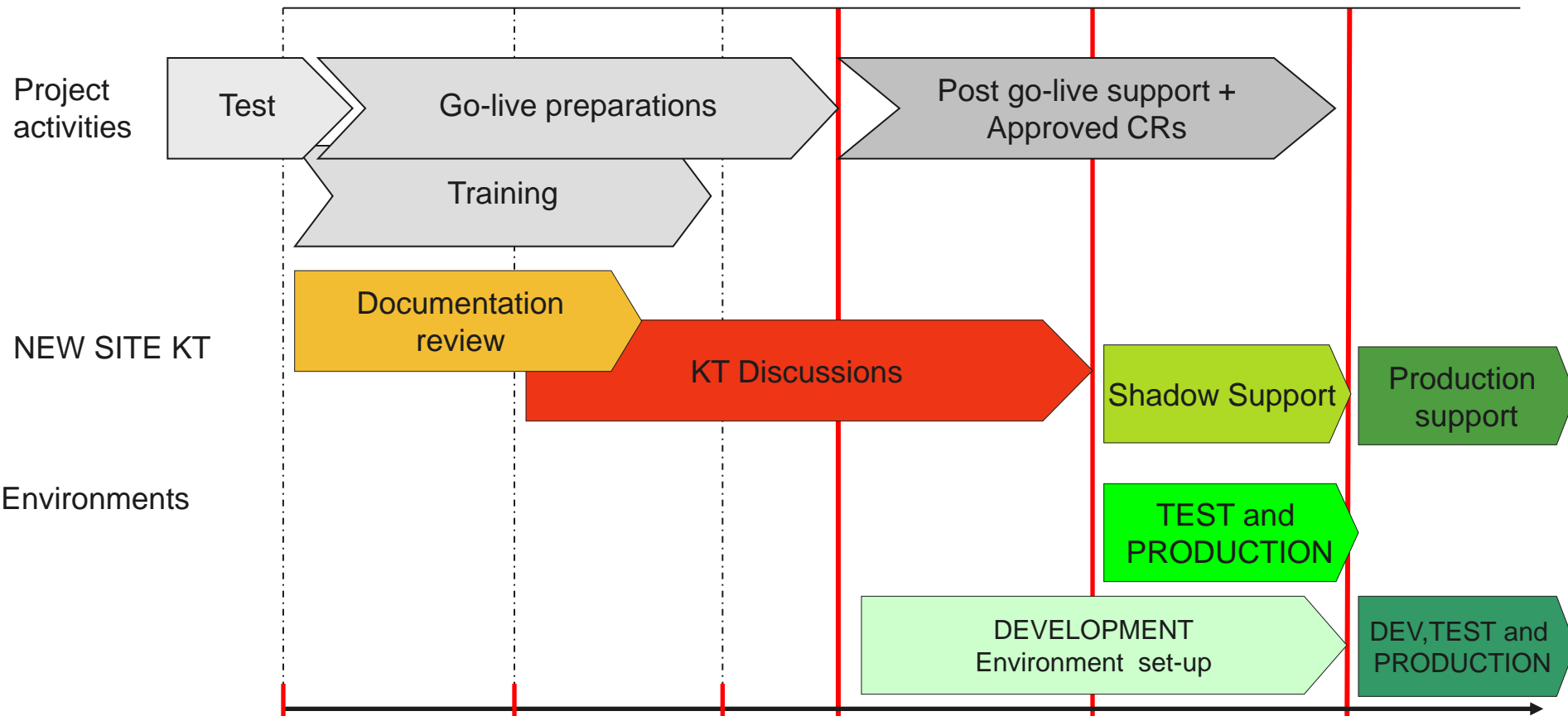
- Allows to shorten defect resolution cycle, avoid error-prone manual repositories synchronization and code merges, get access to the rare hardware

- **Having onsite person simplifies communications**

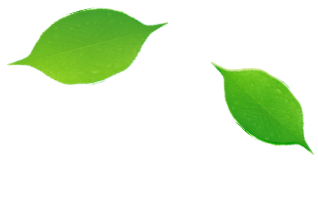
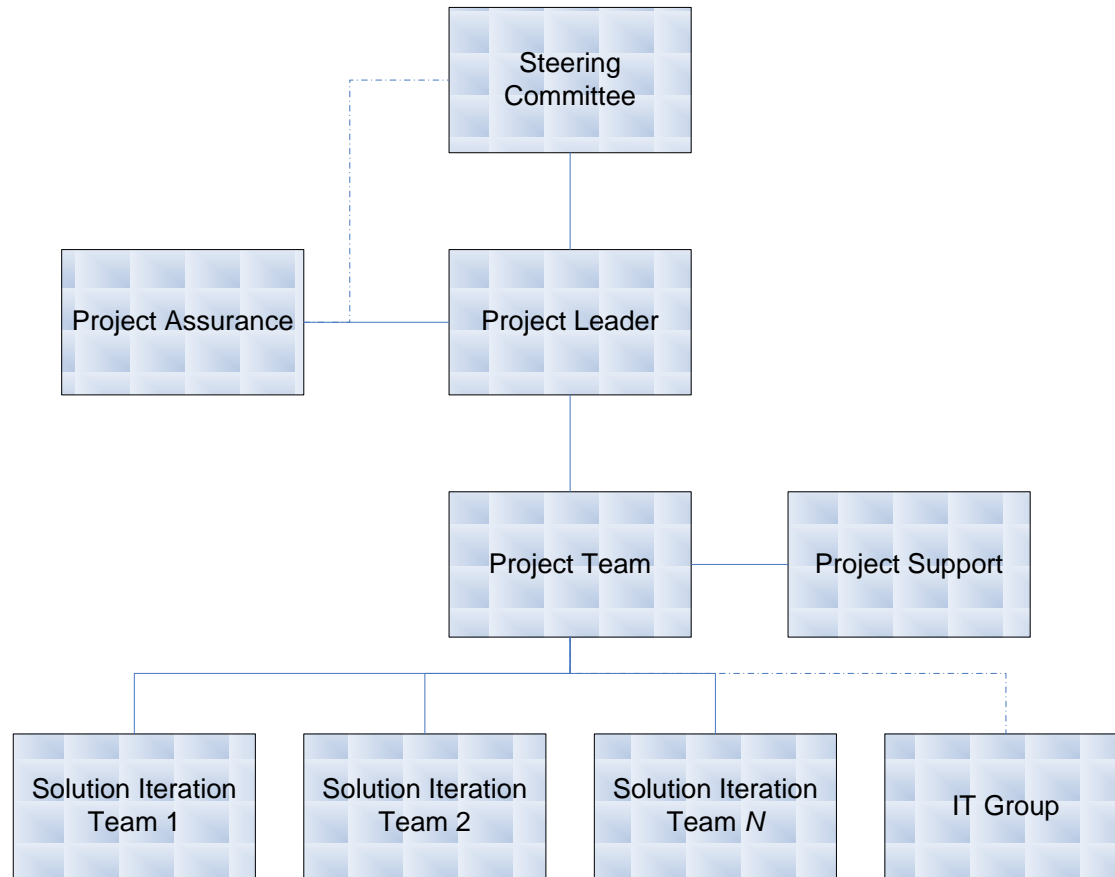
- Gives ability to find the right person quickly, get understanding of the complex technical problem, gather feedback for a delivery, react quickly to all problems



Example of knowledge transfer phases



Good governance model



Russian vs Indian as sourcing target

Factor	Russia, typically	India, typically
Who is recruited	Highly educated engineer with the matching knowledge and 2-5 years of experience	Any technical graduate
How they trained	Introduction to company processes	Three-month introduction training “makes SW engineers” out of the standard graduate
Role of “Processes”	Medium. Customer relationships are tailored to the specific customer’s processes	Very high. The relationships with customers are less flexible
Staff rotation and turnover	Low. The “core” of the engineering team lasts for years	High. ~25% of the specialists may leave the team every year
Engineering culture	Think. Solve problems	Do. Follow instructions



Services of Prisma Consulting

Customer projects

Online
Governance

Project management

Vendor and technology
evaluations

Consulting

Account
management

Project management

Project
management

Subcontracting

Risk management
and auditing

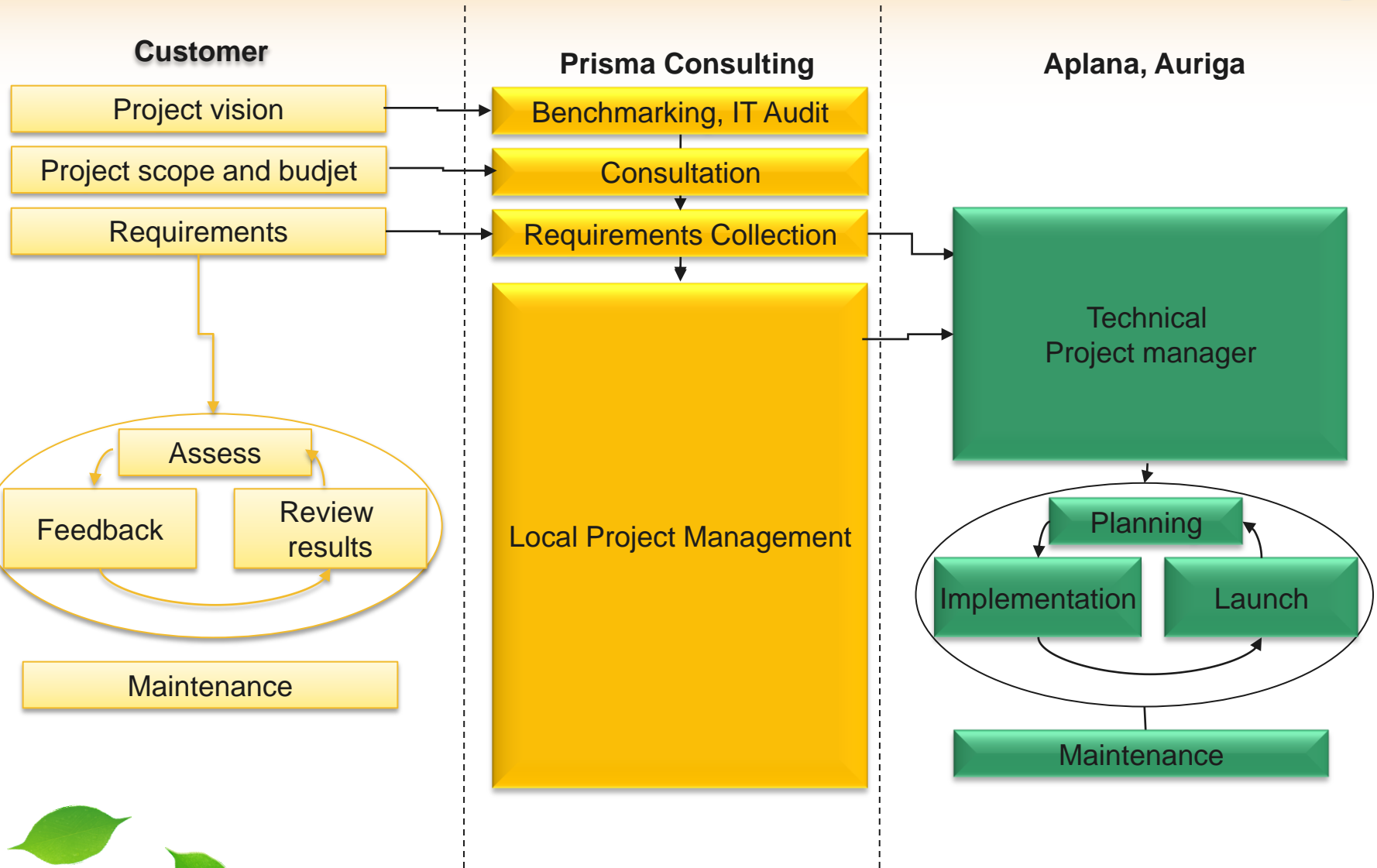
Risk management
and auditing

**Supplier
projects**

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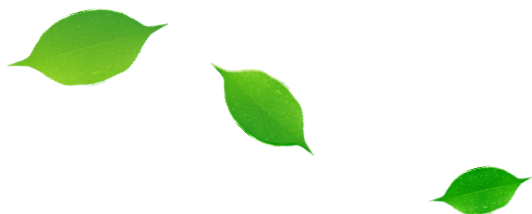
Collaboration model 1: Joint delivery



Our customers



Metsäteollisuus ry



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Contact info

Prisma Consulting Successful project delivery

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Summary and Q&A

Main points:

- 1) Normal project management practices
- 2) Communications is critical
- 3) Expectation management



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Successful project delivery



Current medium hourly prices in Finland

Role	Typical hourly prices	Russia
• Proj mgnt, Consulting	120-180 €/h	50-> €/h
• R&D	100-120 €/h	45-> €/h
• Planning	90-100 €/h	40-> €/h
• Development and testing	80-100 €/h	30-> €/h
• Maintenance	70-120 €/h	25-> €/h
• Support	70-100 €/h	24-> €/h

Note: data from proposal during Q2/09. Price inflation in Q3/09 is around 5-10% due to challenges in overall financial situation

