Setup Your Own IT Company

Introduction

One of Silver Touch client is a leading software product company which provides software solutions in the areas of Logistics, Aviation, Manufacturing and Government. Client is head quartered at The Netherlands. Client provides advance software solution for mentioned industry in the areas of ticketing system, trucking, inventory optimization, shipping solutions etc. Client was having in-house software development team of around 100 developers working on specialize technologies like Quintiq. Client had freedom to develop the software solutions based on customized requirements from its various departments. Client was leader in its core business and hence getting good growth y-o-y bases. But at the same time Client was struggling with its limitations of expansion in development team.

In-House Software Hevelopment Limitations for Client

- Rising cost of development work
- Rising cost of infrastructure in terms of space, IT hardware etc.
- Limitations on coping up with ever changing newer technologies
- Newer technologies add ad hoc development cost to migrate older solutions
- Rising cost of recruitment of software developers

Over all, Client was in urgent need of a solution to fight with above mentioned limitations. These kind of limitations can be removed only with two options

- Outsource software development work to countries like India, china etc.
- Have own software development unit in such low cost high technology adaptive countries like India or China

Since Client was in software business, it was not interested in outsourcing work to some other companies due to intellectual properties issues. Also client wanted stricter control over development team rather than getting reports from third party. Ultimately client was in need to have such solution with following goals objectives:

Objectives to Get from Outsourcing

- Have own software development team in low cost countries
- Reduce all the cost to become more competitive in international market
- Software development work must carry same quality standards followed by in-house team
- Zeroed down Netherlands based software development team and transfer all work to offshore team
- Recruit best of the breed software developers in offshore team

Carrying such goals client made decision to go for captive unit to be located in countries like India or China. Client decided to go with India since they were attracted with India Advantage as

- Highly skilled technical resources with English fluency
- Zero time zone difference since developers work in European time zone
- Competitive cost advantage
- Business friendly government policies to setup entities

Constraints faced by Client

- Which city should be idea
- What is Socio cultural conditions
- How much is the expense to setup such captive unit
- What if Client fails
- From where to get software developers and recruitment process for completely different culture people

While Client was in this dilemma, Silver Touch a CMMi level-3 company from India, got an opportunity to talk with client and suggested multiple engagement models. First of all client was convinced not to have its own company office registered in India because of lengthy Government compliance policies. Silver Touch came up with unique engagement model to sooth client's requirement complaining with all Goals of clients.

Engagement Model

Silver ODC offered captive offshore development team with zero capital investments. The model was designed in 4 parts which are tightly integrated with each other. Client does not require to setup its own office and Silver Touch will build the infrastructure in terms of manpower, IT hardware, software, office premises etc. Client will pay Silver Touch month recurring expenses instead of going for Capital intensive expenses.

Core phases of the model are -

- **Captive offshore software development team**

  Silver Touch Project Managers are working onsite. Project Leaders of the projects frequently visits client's site for requirement gatherings. This gives flexibility to client to have single point of contact at local time zone. They don't have to worry about time zone difference or cultural issues in India.

- **Recruitment process**
  - Silver Touch offers extensive recruitment process to client ensuring best of the breed developers are recruited in team. Recruitment is done from Silver Touch existing database as well as through recruitment agencies.
  - Shortlisted candidates are asked for aptitude test and technical written exam.
  - All passed candidates move to personal interview round
  - If candidate is selected, then it is put forward with Client for final selection

- **Get unit transferred as your own company**

  As per the agreement, Silver Touch will transfer entire infrastructure and team to the client's company after achieving the benchmark agreed by both parties. This will help client to save time and money.

- **Manage and maintain**

  Silver ODC manages the whole captive unit on behalf of client. All offshore developers are on payroll of Silver Touch and at the same time, they are completely controlled by client. Silver Touch offered various options to manage this unit like handing over complete unit to client after pre decided benchmarks or continue outsourcing with Silver Touch.

Benefits:

Silver ODC helped client in

- Launching its software product much faster than expected
- Getting product developed at much cheaper cost which gave it an edge in market
- Focusing more in making software product much matured than competition
- Getting higher ranks of product website in search engine
- Faster ROI
- Lowest Risk of opening new company with least investment

Best for Whom:

This model is useful for companies having requirement of minimum 15 developers in a team. This could be

- Software product company
- Corporate companies with sizable in house software team
- Software services company operating in Europe, UK or USA.