



How to diversify your IT sourcing strategy

Changing market dynamics are pushing many companies to diversify their IT sourcing portfolios to achieve the best balance of quality, risk management, value and time to market.

Today's IT buyers increasingly seek to optimize the geographic distribution of their sourcing by taking into account the type of work to be performed to smartly achieve business outcomes while minimizing cost. At the same time, there is a groundswell of support in the U.S. for creating good technology jobs at home, building technical expertise that increases American competitiveness, and stimulating local economies.

The great news is that IT outsourcing strategies that include U.S. domestic sourcing centers supports all of these objectives.

Since there is no one-size-fits-all sourcing model, a combination of factors must be weighed when determining the optimal global-local sourcing mix. As summarized in the following figure, sourcing considerations must go beyond per-unit or per-hour costs to assess the total cost-risk-value equation.

Work Distribution Levers

Client preference (proximity)	Onsite	↔	Offsite*
Level of interaction	Local	↔	Remote
Criticality (client impact)	Core	↔	Non-core
Stability	Unpredictable	↔	Steady
Complexity	One-off	↔	Common
Availability	Critical	↔	Offsite
Service level	Distinctive	↔	Standard
Critical mass (FTE availability)	Limited	↔	Accessible
Law and regulations	Restrictive	↔	Flexible
Communication	National	↔	International

* Onshore, Nearshore and Offshore

Key questions to ask include:

- What are the key objectives for the project initiative?
- When delivery timelines are critical, will close collaboration and agile delivery be essential to expediting development and ensuring success?
- How will sensitive data, secure infrastructure and disaster recovery requirements be met?
- What government policies, mandates or requirements must be considered?
- What are the anticipated demands on internal IT staff?

When the answers to such questions point toward domestic sourcing as a good fit for the project, it can provide numerous benefits, such as:

- **Project risk mitigation** with ease of access and common time zones, currency and language
- **Compliance** with strict government and commercial security standards and mandates
- **20-30% lower costs**, compared to U.S. metro markets, while improving overall productivity, efficiency and performance
- **More predictable results** through outcomes-based sourcing and rigorous service management
- **Full transparency** and accountability through agreed managed service levels

But is onshoring an approach that works?

We can say unequivocally yes because we've used this model since 2006. Today, we provide full-service IT capabilities from seven state-of-the-art centers in Main Street America as part of our global delivery network spanning 5 continents.

After 10-plus years, we've proven you don't need to be in Silicon Valley to find and keep great IT professionals. Our industry-low attrition reflects best practices for hiring and training, and the importance of rooting team members within their communities. We've also invested heavily in technology infrastructure and follow a common quality program across all of our delivery centers to ensure consistent delivery of superior services. As a testament to the success of this model, our client loyalty score averages 9.1 out of 10.

Learn more about the value of domestic IT sourcing at cgi.com/onshore