



Build - Operate - Transfer Model

Covalense

Capture Market Share Rapidly Through BOT Model of Outsourcing...

BUSINESS SENARIO

Outsourcing has been widely followed by most of the US and the European companies and moving their operational components to offshore destinations like India by establishing their subsidiaries. However, there are issues related to execution and 'in country' challenges in managing these offshore subsidiaries and this would affect in realising their business goals.

The Build-Operate-Transfer (BOT) model offers an attractive alternative over traditional offshore path. A BOT model is typically used to develop a discrete assets and is generally entirely new or greenfield in nature. Being a successful financial model, many start-ups in product development space opt for BOT model to free-up capital funds for enhancing their global footprint. A smart sourcing partner becomes an efficient 3rd eye partner!

CONCEPT

The BOT model has special features in terms of the following:

- Client's participation in selection process of offshore team with right mix of skills
- IPR protection and individual team member entering into direct NDAs with customer
- Relationship building between client manages and team with offshore team
- Continual increasing effectiveness, as team learns and improves
- Single focus on customer needs and goals, beyond the dictates of a SLA
- Knowledge retention
- Option of transfer are exercised when dedicated team performing at a high level of productivity

The BOT model is executed by a well-established and seasoned software services company under a formalised engagement model. Broadly the MOU covers the following aspects:

- Management structure
- Phased staffing needs with HR processes
- Infrastructure and facilities
- Quality processes/certifications
- Financial outlays (start-up/on-going/transition costs)
- Contingency planning and risk mitigation
- Reporting and KPIs
- Ownership time horizon
- NDAs and contractual framework for transfer of ownership
- Governance



OPERATION

The BOT model has 3 x phases of operation:

Build

- A will set-up the facility and infrastructure, staff the development center, and establish knowledge transfer.
- Requirements are crafted from aspects like cost management and global experience

Operate

- Manage the offshore establishment, program management, development, QA, maintenance, enhancements, and product support.
- All of technical, HR, Legal, and other support and management oversight provided
- Implementation of processes and quality systems (ISO9001, CMM)
- Organise frequent customer satisfaction polls, as well as regular status meetings
- Operable on flexible pricing models
- Undertake transition planning in terms of people, process, facilities and technical infrastructure

Transfer

- Transition process in terms of people, process, facilities and technical infrastructure
- Register a new offshore wholly owned subsidiary for the customer
- Execute transfer, transfer assets and handover operations

Business and Operational Benefits

BOT offers attractive business benefits over the traditional offshore subsidiary path, including:

- Cost savings compared to 3rd party vendor partnerships and lowers infrastructure set-up costs
- Reduce costs, by 30% or more; free up capital funds for other use; and convert fixed costs to variable costs
- Direct control on hiring and retention of IPR
- Rapid scaling of operations with wider service offerings, quickly filling business model gaps
- Reduced time to operations through utilization of knowledgeable 3rd party management resources responsible for real estate; government rules and regulations; cultural transition; IT infrastructure procurement and security
- Ability to ramp up (or down) quickly and add newer technologies, functions and services
- Work around lack of internal resources and have a pool of trained resources to bring onsite as needed
- Improves business focus
- Accelerated re-engineering benefits

Covalense Track Record

- **Open Wānanga/Te Wānanga o Aotearoa, New Zealand**
Open Wānanga delivers home based fee free programmes throughout New Zealand and is part of Te Wānanga o Aotearoa, one of the New Zealand's largest tertiary education providers. Covalense established a 15-member composite offshore team for developing IP of Open Wānanga from 2006-15.
- **Succeed Partners, USA**
An US based software house, opted a 12-member offshore team for application development for 3 years.
- **Marker Studio, New Zealand**
Under technology labs model, Marker opted for a 12-member offshore team for 4 years for providing application development services in Microsoft technologies.
- **Saturn Media, New Zealand**
Opting for 8-member dedicated testing labs, Saturn Media operated a testing lab established by Covalense for 2 years.
- **9 Spokes, New Zealand**
Under a MSA, Covalense established a dedicated 20-member offshore development team for development of 9 Spokes BI and Big Data platform from Dec 14- Jan '16.

About Covalense

As a well-recognised and reliable IT transformation partner to clients, Covalense is one of the fastest growing, flexible and adaptable IT services and solutions companies. We provide full-spectrum of IT services, technology solutions, mobility and cloud offerings to corporations globally.

With business operations covering ANZ, Asia, Middle East and the United States and supported by the development centres at Hyderabad, Bangalore and Auckland, Covalense implementations span across 9 geographies globally.

Offer a high value competitive delivery model for clients looking at outsourcing their software services, we empower our customers with pragmatic and vendor independent solutions to generate new revenue streams, build loyal customer base with enhanced user experience and avoid vendor lock-ins.

