

The Myths and Realities of IT Outsourcing

KIEV, Ukraine – 22 DECEMBER 2008 – Outsourcing is a topic that often sparks debate, whether it's about the quality of workers, feasibility of geographic locations or the affect on job security. With economic crises and financial bailouts occurring worldwide, many companies could benefit from outsourcing, but may be hesitant to explore their options because of these issues.

Ciklum, an IT outsourcing company that specializes in nearshore software development in Ukraine, explains how its unique team extension model that blends IT with human and administrative elements overcomes common misconceptions about outsourcing.

Myth #1: Outsourcing requires a mature organization.

Ciklum Reality: Ciklum actually helps companies go from start-up to a mature level. Using Ciklum Team Infrastructure and best practices with 85 plus clients, Ciklum raises clients' maturity level along with their value and profits.

Myth #2: Outsourcing is only for big companies.

Ciklum Reality: 90 percent of Ciklum clients are small start-up to medium-sized companies. Ciklum has proven to be a reliable partner in building IT team extension by using the flexibility, scalability and availability of resources on the market in a cost-effective manner.

Myth #3: Communication can be difficult because of poor technical infrastructure.

Ciklum Reality: Communication between clients and their outsourcing teams at Ciklum is easy and simple using videoconferencing equipment and other means of communication, such as Internet, phone and VOIP connections, which fully adhere to European standards.

Myth #4: Offshore companies are located in politically unstable countries, making operations risky.

Ciklum Reality: While there is some amount of political and economic risk, developing countries such as Ukraine represent markets that can deliver true value in terms of business performance and cost efficiencies.

Myth #5: Output will be wrong if the task is not specified down to the smallest detail.

Ciklum Reality: Ukrainians are very similar to Europeans in their work approach. They express their opinions and ideas to contribute to development instead of simply following orders. This initiative, combined with Ciklum's model of direct communication between clients and employees, means that a new generation of IT outsourcing companies are reaching a higher level of productivity and accuracy.

Myth #6: Cultural and language differences create obstacles in mutual understanding.

Ciklum Reality: With Ciklum, teams primarily adhere to the client's corporate culture – not Ciklum's. IT workers in Ukraine have a good grasp of the English language, both written and spoken. Ukrainian workers are European-minded and easily adaptable, so there are fewer cultural and geographical disparities than popular outsourcing destinations such as China and India.

Myth #7: Offshore IT specialists lack customer business perception.

Ciklum Reality: Unlike project-based outsourcing, Ciklum provides clients with their own in-house teams, simply “hosted” within Ciklum’s nearshoring facilities in Ukraine. Client teams are employees of the client’s company and become ingrained in the business, as well as the client’s corporate culture. Most Ciklum employees have visited client companies in their countries for at least three weeks to learn about the client and transfer their knowledge to team members. This creates synergy, close relationships and a collaborative environment that ensures employees completely understand the business and the focus of their work.

Myth #8: Outsourcing is not suitable for highly skilled specialist or managerial positions.

Ciklum Reality: Ukraine has a tremendous pool of highly-qualified IT specialists with 30,000 annual graduates from IT related fields. Ciklum’s outsourcing model invests in employees as a new generation of IT workers – not just coders – as part of a superior technology market. Ciklum’s human programs, such as Project Manager’s education and knowledge sharing environment, support continued education via peers and project managers.

Myth #9: Offshore developers underestimate development time and make excuses for not delivering.

Ciklum Reality: With end-to-end comprehensive HR management, Ciklum keeps developers focused on their work and allows communication between clients and employees with no interference. Ciklum offers integration of CTI’s set of comprehensive software development management tools for offshore and onshore client teams, giving clients full control over source code, amount of work done, version releases, bug tracking and other issues.

Myth #10: Offshore people cannot be trusted as much as a company’s own employees.

Ciklum Reality: Ciklum’s transparent model opens up the outsourcing business to give clients complete control. The company’s pricing model is divided into the direct salary of employees and Ciklum’s fee. Clients have direct oversight over how much they are paying Ciklum and the results that are delivered.

Myth #11: Outsourcing is difficult because of significant time differences. They work when we are asleep.

Ciklum Reality: Ukraine is very close geographically to European countries, so 99 percent of Ciklum clients have a minimal two-hour time difference. Traveling is easy as well, with up to two-hour maximum flight times and many direct flights from European cities. Additionally, Ciklum clients can and do make special working hour agreements with their teams to make the time difference completely negligible.

Myth #12: Outsourcing causes security problems and risks intellectual property rights.

Ciklum Reality: All Ciklum clients sign a contract with Ciklum Denmark, which complies with European Union laws and regulations. Naturally, all IP rights belong to the client according to contracts with Ciklum and each employee.

About Ciklum

Ciklum is an innovative IT outsourcing company specializing in nearshore software development in Ukraine. The company’s unique business model merges the human element with IT to build an international community of knowledge sharing that helps clients to market quickly and with less risk and minimal investment. Established in 2002, Ciklum employs more than 700 specialists with more than 80 global client teams. Ciklum has seven offices in the four largest cities in Ukraine, as well as offices in Denmark, Sweden,

United Kingdom and the Netherlands. Ciklum is a member of the Ukrainian Hi-Tech Initiative. For more information, visit www.ciklum.com.

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