Offshore Software Outsourcing Services: a Case Study from CMC Software Solution

Purpose: Information
Submitted by: Vietnam
Offshore Software Outsourcing Services
a case study from CMCSOFT, Vietnam

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CMC Corporation and CMC Soft overview

CMC Software outsourcing services: opportunities, strength and challenges

How we proceed: Organization, quality, IP and information Security, sustained development

CMC Corporation - Holding

Established in 1993: CMC Corp now is known as a leading ICT group in Vietnam
CMC Corp. is the corp. of ICT companies which are coordinated closely together in finance, legal, human resource, brand...
2007: 1000 employees and over 100 million USD of revenue.

CMC Corp. Holding - Operation

CMC CORP.
OVERVIEW
Position in Vietnam

- **2nd biggest** ICT Group in Vietnam
- Strategic partnership with the international leading ICT corporations: Microsoft, IBM, HP, Cisco, Oracle, Intel
  - in Government and Education markets Vietnamese Computer Brand
- **Number 1** in software solutions for education, library, insurance, document and workflow management
  - in Open Source software solutions
- Reliable partner for all worldwide and domestic customers

![CMCSoft Logos](image)

General Information

- Founded in 1996, now recognized as **one of top 5 Vietnamese Software companies**
- CMCSof - specialized in Software Development, Software Services, Software Solution and Outsourcing services.
- Domains of expertise: Finance, Insurance, E-Library, Education, Government, Enterprise industry, etc.
- 300 employees (over 200 developers and testers)

![CMCSof Head Office](image)

Products and services

**Products**

- EDocMan: Document management and Workflow Management.
- Electronic Library, Digital Library, knowledge portal (iLib,dLib,KPortal)
- Education Management Information System (EMIS)
- Finance and Insurance Solutions

**Services**

- Software development outsourcing service
- ERP Consulting, and implementing (Oracle, SAP)
- BPO and Test services
- OSDC

![CMCSof HCM Branch](image)
CMC Outsourcing Services

Full life cycle-development
- Develop software application from requirement analysis to design, development and maintenance.

Application and Data Migration
- Migrate data from one system to another, and migrate software to different programming languages and operating systems.

Component development
- Develop software based on the initial design.
- Develop modules and components of the software project.

Outsourcing Services

OSDC
Offshore Software Development Center
Long-term dedicated resources, dedicated development facilities and joint management

Test services and BPO
All types of testing services
- Low level BPO services: data entry, data verification, customer's complain recording, etc.

Outsourcing services: markets overview

MARTKET
- Japan
  Opportunities: CMCSFT have established cooperation with Japan customers over the past five years. Large and medium projects have been implemented successfully
  Challenges: Japanese customers often strictly require the highest quality control of the project

- Europe
  Opportunities: On-going project with customers from France, UK and Belgium, etc.
  Challenges: Language and cultural gap

OTHER MARKETS

- United state
  Opportunities: Huge and difficult to approach
  Challenges: Excellent English skill requires

- Australia
  Opportunities: Small financial attractiveness
  Challenges: Potential market with emerging outsourcing needs from Australian customers.

CMCSFT’s advantages

- Industry experiences: 12 years of software development. Knowledge of specialized businesses, many experts in the developing areas.
- Standardized project management. Modern software development methodology
- Young, motivated and qualified human resources
- Capability for business expansion
- Outsourcing experiences
- Most of projects delivered on time, on budget
- Competitive price
How we proceed? – Organization

Global Software Development Centre (GSDC)

CB
Business Development Department

CS
Quality and Process Department

CX
Operational Centers

Hanoi

Operational Center C1
Operational Center C2
Operational Center C3
Operational Center C4
Operational Center C21 (implementing)

Ho Chi Minh

How we proceed? - Quality assurance

IP protection and information security

Quality Assurance:
Quality is one of the top goals of CMCSoft. Therefore, quality control is tightly carried out by separate and devoted P&Q departments through project development as well as support and maintenance.

How we proceed? - Human Resource

- Over 200 developers
- Capability of immediate mobilization of more 100 supplementary developers

<table>
<thead>
<tr>
<th>College degree:</th>
<th>University degree:</th>
<th>Master or higher degree:</th>
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<tr>
<td>45%</td>
<td>50%</td>
<td>5%</td>
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Recruitment process: BrainBench Test

Foreign language training (Japanese, English, French)
- Most of development staff can speak, read and write in English
- Bridge System Engineer Training and Dispatch Program

Technical Training
- Technical & Soft skills
- Processes, project management.

Organizing for Offshore Outsourcing

Partnership Building

- Building Partnership on the basis of trust
- Frequent communication and exchange of information
- Building long-term relationship and strategic partnership on the basis of mutual understanding. Both sides need long-term planning.
Communication with customers

- Contact persons for both sides need to be assigned since very beginning.
- Group mail list for development team and contact points should be set up.
- Use various communication methods, such as e-mail, Yahoo Messenger, MSN, Skype, telephone, etc. according to project tasks. Video conference should be set up.
- Both structured communication (regular means for status updates) and unstructured communication (for team bonding) are required.
- Customer’s report requirements must assiduously be met
- Miscommunication is the greatest risk in the project cycle.

Organizational issues

- Early prepare planning for all resources.
- Carefully select team leads for project.
  - Strictly set up coordination mechanism of project teams
- Clearly define roles and responsibilities of all project team members.

Plan a roadmap for improvement to satisfy customers’ demands

- Quality
- Security
- Reliability

How we proceed? - Markets Expansion

- Increase visibility through intensive and professional marketing campaigns
- Business development for each specific market
- Partner network around the world
- Active participation in conferences, workshops and forums

Outsourcing references
Software Outsourcing - opportunities

- Vietnam is considered a promising destination of Outsourcing due to competitive price, good supplier of skillful and assiduous workforce
- Abundant supply of engineers graduated with Bachelor degree in Information Technology: 25,000 software technician and engineers, expectedly 55,000-60,000 in 2010. Almost IT technicians are young, dynamic, creative
- Technical engineers have thorough understanding of popular technologies, familiar with English, French
- About 100 universities, over 150 colleges and vocational schools with IT curriculum. International IT education programs are under operation, such as IFI, APTECH, NIIT, RMIT.

Software Outsourcing – Challenges

- Lack of efficient common marketing strategies
- IT companies need to invest in training workforce
- Languages skill, working process of the workforce should be improved to ensure the high quality of services offer
- Lack of professional working methodologies
- Foreign language: Poor oral communication skill
- Actual financial crisis

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Software Outsourcing for Japan Market - a Practical Approach at Company Level

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Le Xuan Hai
CEO of Vietsoftware International

Opportunities and Requests

- Opportunities
  - Need millions software engineers per years
  - 70,000 embedded engineers

- Requests
  - Quality of Vietnam IT engineer including: technical skills, software development process...(29%)
  - Japanese capability of Vietnam companies (28%)
  - Cost (22%)
  - Others as: management system, geography distance ...( 11%)

Current Status

- Outsourcing industry of Vietnam
  - Graduated IT engineers per years: 10,000 people.
  - Working for outsourcing projects related to Japanese market: ~ 5000 people (0.05%).
  - Successful outsourcing service companies for Japan market: < 10.
Current Status

- Vietsoftware International
  - Established 2005 with 12 developers focus on USA, Japan, Europe outsourcing market.
  - 2008:
    - Greater 120 engineers works for projects of USA, Europe.
    - 15 engineers dedicated for Japan market but only 3 engineers have regular jobs.

Problems

- Japanese capability of Vietnam IT engineer
  - 4 years in Vietnam
  - 2 years in Japan
- Long time for take collaboration opportunities going alive
  - 2 – 4 years
  - Financial capability of Vietnam company is not enough for long term investment without real projects.

Solutions

- Vietnam side
  - Improving Japanese skills, technical skills, software development process of staffs.
  - Training staffs about: Japanese business manner, Japanese culture, 5S, Horensou ...
  - Investment for long-term business relationship with Japanese partnerships
- Japan side
  - Shortly go alive collaboration opportunities with Vietnam partner.
  - Supporting Vietnam companies improves their capability by giving some pilot projects.

Questions and Answers