

# 10 Reasons To Avoid Offshore Outsourcing

Ahhhhh, offshore. The word alone sounds so peaceful and romantic. As if your information is relaxing on an island paradise. Well, not so fast, Gilligan. You should balance the initial allure of offshore outsourcing with the following risks and uncertainties.

1

## Get Real

So, you think you'll save bundles with offshore outsourcing? Labor arbitrage sounds appealing, but don't forget the realistic hidden costs and differences in operating models.

2

## Protect and Serve

"Robust" isn't a word often used to describe offshore vendors' security practices. How much is your security, intellectual property, reputation and privacy worth?

3

## You Can't Handle the Offshore Vendor!

A standardized and repeatable Capability Maturity Model (CMM) level is vital. If your company is lacking in process discipline, it'll hurt your cost savings.

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## Revolving Door

When your key account contact leaves, it means more time spent on knowledge transfer and training new individuals. With offshore vendors, get used to it.

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## Stick With What You Know

Ready for a 20% productivity drop? Well, during your first year with a new vendor, you'll spend extra effort on transferring technical and business knowledge.

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## Cultural Alignment

Differences in culture, from social etiquette to language challenges, can significantly affect communication and, ultimately, performance.

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## Are You Being Watched?

Not every offshore vendor can comply with industry-specific government regulations AND provide compliance transparency (so they're accountable during audits).

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## The Collector Demands Payment

OK, we know "fixed price" contracts aren't really fixed. So, when incremental scope changes bump the estimate (typically 10-15%), the offshore vendor expects you to pay.

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## Knowledge Is Power

Can you afford to compromise proprietary expertise or a competitive advantage? Didn't think so. An offshore location may put your valuable company assets at risk.

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## Failure Is Not An Option (or is it?)

Would a vendor's failure to deliver damage your business? Hey, it happens. So, wisely analyze your risk, and make sure your contingency plan is solid.