



## The Ideal Outsourcing Destination - A Success Story

**Outsourcing**, in today's market economics, is a proven means of improving cost efficiency. It is, therefore, hardly surprising that many companies are on the lookout for good destinations to outsource their non core activities and back-end operations in order to be able to concentrate on their core competencies. But with many countries jumping on the outsourcing bandwagon, choosing the **right outsourcing destination** is a challenge in itself.

This case study talks about how KVP Business Solutions partnered with our client to evaluate 33 countries and choose the ideal outsourcing destination from among them.

### The Client

Our client is a US-based Fortune 50 company that provides outsourced engineering services. One of our client's customers was keen on outsourcing some of their **Aerospace engineering** operations to a different country to streamline their workflow and improve efficiency. KVP was entrusted with the work of **finding the ideal outsourcing destination** for our client's customer.

### Challenges

Straight forward though it may sound, the work was no less complex than it was onerous:

- Evaluating countries involves deep understanding of **economic, political**, and **labour**-related factors. Also, it is important to have a clear **future outlook**, given that outsourcing is a long-term strategy.
- Unlike companies that can be evaluated against well-established parameters, countries are often **not easily comparable**.
- Data relating to several parameters is not easily available. The available information, again, is **not easily verifiable**.
- Our evaluation subset consisted of close to **33 countries** spread over different continents

### The Client

- A US-based Fortune 50 company servicing a customer in the Aerospace Engineering space
- Looking to outsource work to another country

### The Challenge

- Political, economic, and labour related factors
- No standard parameters for evaluation
- Limited access and availability of data
- 33 short-listed countries spread all across the world

### KVP Advantage

- Well experienced team with good understanding of the aerospace domain
- Well versed with developing outsourcing strategies
- Young and dynamic members
- Cost effective



### KVP's Proposal

- Country analysis to evaluate suitability for aerospace engineering outsourcing
- Comparative analysis to rank countries in relation to the others
- Scorecard development listing countries in order of preference highlighting strengths and weaknesses

Specify parameters to measure viability based on economic, political, labour, social and other such factors



Assign numeric scores to each of the countries for every category and sub-category



Create a scorecard based on the scores assigned to each of the countries



Filter out the less attractive destinations and create a detailed synopsis of the chosen subset of countries to aid final decision making



### KVP's Collaboration

KVP has a **proven track record** of developing successful **outsourcing strategy** and road maps. Our client wanted to leverage KVP's strengths in this area to in turn service its customer who was aiming to improve business efficiency. KVP drew up the following plan of action to choose an ideal destination to outsource work relating to aerospace engineering:

- Conduct an **in-depth study** of short-listed countries with special attention to aerospace engineering
- Undertake a **comparative analysis** of each of the chosen destinations
- Develop a **scorecard** based on the analysis to aid decision making

#### Country Analysis

We undertook an in-depth study of each of the countries to evaluate their **suitability for outsourcing** work relating to aerospace engineering. This research highlighted the parameters that could potentially have a bearing on the customer's outsourcing strategy. These parameters were broadly **categorized** as below:

Economic environment	Political environment
Social environment	Business environment
Labour environment	Engineering services outsourcing attractiveness
Financial attractiveness	

We then broke down these categories into **measurable sub-categories** that could be used to evaluate and compare the chosen countries. To ensure that the evaluation is all-encompassing, the list of categories was drawn up in consultation with industry experts and regional universities.

#### Comparative Analysis

Given that there are no standards for comparing countries for outsourcing attractiveness, our first task was to **create a basis** and methodology for **comparing destinations**. The following is the methodology we proposed to use:

- Assign **weights** to each category and sub-category
- Specify **priorities** for each of the sub-categories
- Assign a **numeric score** to each destination for each sub-category and category (based on our research and number crunching activities)
- Arrive at a **final ranking** for each destination based on the ranks given to individual categories.

### *Scorecard and Synopsis Development*

We then used the final ranking of the countries to develop a **scorecard** for each of the destinations. The client used our scorecard to filter out the less attractive destinations and chose **13 destinations** for the **final run**. Our experts then worked on the 13 chosen destinations and drew up a **detailed synopsis** of each of them to include the following information:

- The **maturity** of the aerospace engineering space in the country
- **Strengths** and weaknesses specific to aerospace engineering
- Availability of local Government funding for **infrastructure**
- **Cost of labour** and other resources
- Identification of other subject areas that would be valuable for final decision making.

### **Benefits**

Evaluating countries is no mean task. Our client “outsourced” an important chunk of their work on their customer’s outsourcing road map to KVP. We offered to approach the **intensive**, back-breaking work of evaluating 33 countries in a **planned, phased** and **scientific manner**. KVP’s involvement in this initiative ensured that the client could service its customer within a **short span**. Our **risk-reward** based pricing model enabled our client achieve the desired results with **minimal** burden on their **research budgets**.

If you found this case study interesting and would want to know more about how KVP can collaborate with you to improve business, then visit us at [www.kvpcorp.com](http://www.kvpcorp.com) or write to us at [info@kvpcorp.com](mailto:info@kvpcorp.com)

### **Benefits**

- A win-win situation for the client
- KVP undertakes to do extensive research to evaluate countries based on a wide variety of parameters requiring huge amounts of data
- The client could service its customer without having to invest substantial time and resources to complete the project
- Significant reduction in time taken to complete the project given the involvement of experts

