

## OFFSHORE DELIVERY MODEL ORGANIZATION STRUCTURES

The offshore delivery organization greatly depend on the type of offshore work that vendors for the different Clients, size of the engagement, duration of the project, nature of the project and etc. Hence outsourcing vendors have organized their deliveries using different organization structures to better meet their business and client needs and growth.

### OFFSHORE DELIVERY CENTERS (CLIENT SPECIFIC / VERTICALS / SEGMENTS / BUSINESS UNITS)

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The very popular organization structure is called Offshore Delivery Center (ODC). Vendors create ODCs for clients by putting all client projects under the ODC, which is more or less run like a Business Unit. ODCs can vary in size from a few members to several thousand members. The advantage to client and vendor is that all of the projects for the client are managed within the ODC itself.

Several ODCs for different clients can be grouped under an industry vertical for better management of expertise in that vertical. This will not only help to bring in best practices for managing projects under the vertical, but also share resources across the ODCs in that vertical and better competency management.

Organizing by ODCs also provide better client management, governance of the client projects, and belongingness to the client's business. Better processes and practices can be applied to all of the projects under ODCs and as well extending to Client's business units.

Instead of setting industry verticals, Business units can be established to focus on each business areas. Organizing the vendor business into business units depends on the

variety of business that vendor is pursuing and the size of each business. Profit and Loss accountability can be established for each business unit and managed for both top line (Revenue) and bottom line (profit).

### **COMPETENCY CENTER (DOMAIN/TECHNOLOGY/PRACTICES)**

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Another way of organizing the delivery is through creating competency centers based on technology, domain or business practice. This will provide greater leverage of competencies to both clients and vendor and focus on building the core competencies in the selected area. If the client's projects fall under one technology or domain, it is easier for the vendor to manage. If they fall different vendor competency centers, the vendor may have to create a program management office to manage all client projects across competency centers.

Organization by Competency centers or Practice Centers facilitates creation and building of strong competencies in the chosen areas in the organization which can benefit both client and the vendor.

### **BUILD-OPERATE-TRANSFER (BOT)**

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When Client doesn't want to hand over control to the offshore vendor, but would like to manage the offshore directly with an intention to own it at some point in the future or keep the Intellectual Property (IP) rights fully safe guarded from the vendor, he may create a Build-Operate-Transfer (BOT) center with the vendor. Vendor assists the client in building the team, providing best practices for managing and delivering development and maintenance of the product for the client. Client takes over responsibility of directly managing the project and owning the resources.

BOT organization is suitable for product development companies that would like to setup offshore delivery centers as it creates a separate organization within the vendor and allocation & management of resources working on Client product providing greater visibility to the creation and maintenance of IP rights. It also provides greater belongingness to the Client organization, attracting and retaining key talent.