



# Altus

clear thinking for Financial Services

## Managing Outsourced Development

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It seems that the outsourcing pendulum is swinging back again. A rash of high-profile outsourced deals returning in-house have been reported along with murmurings of dissatisfaction with some offshore service providers. But is it really the providers who are the problem?

More detailed analysis points to another cause. Revealingly, research<sup>1</sup> shows that three out of the top four challenges reported by providers relate to inadequate management by the client: lack of clear directive, poor decision making, and poor project management.

<sup>1</sup> 2005 Global IT Outsourcing Study, DiamondCluster International, Spring 2005



## Managing Outsourced Development

### The Issue

The rather informal approach adopted by many businesses for in-house software development projects does not translate well to an outsourced arrangement. (In fact it often also fails for in-house developments, but the effects are less visible.)

For an outsourced development project to succeed, exacting project controls and procedures are needed. Only then can client and provider expectations be aligned, progress closely monitored, and risk minimised for both sides.

Altus consultants have many years' experience of outsourced development from both supplier and customer perspectives. We can provide the necessary rigour to keep the development under control.



### The Altus approach

To start, we will ensure that the development process is adequately defined and that each party understands their responsibilities. This will include the definition of the necessary documentation, as well as review and approval points.

We will review your requirements specifications to verify that they are complete, unambiguous, adequately detailed, and testable. These should include non-functional requirements to give a clear direction on availability, security, performance, scalability and administration.

Just as important as requirements is the definition of an adequate architectural framework, within which the provider can work. You cannot afford to leave the architecture to the provider if you are to ensure that the resulting software dovetails with the broader IT plans of your business. We will check that your architecture is adequately defined and will supplement your documentation with more detailed specifications if necessary.

Next, we break down the system development into discrete stages, each with its own statement of work and acceptance criteria. This allows you to take the project one step at a time rather than having to commit to a 'big-bang' development.



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### The Altus Approach (cont.)

If you are approaching multiple providers then we can help compile the tender invitation and review the responses from candidate providers.

Once the project is under way, we monitor progress ensuring that the provider is working to agreed standards and that any problems are identified as early as possible. We can also act as the design authority ensuring that system designs comply with the defined architecture.

Change is disruptive, but inevitable. We provide proven mechanisms to minimise that disruption and introduce changes in a controlled and accountable manner.

Finally, in conjunction with your testing teams, we check that acceptance criteria have been met as each stage of development is delivered. This is an opportunity to review project procedures and controls and adjust as necessary for the next stage.

### The Benefits

This approach puts you in control. Providers have a clear picture of what you want and you have visibility of their progress. At the end of each development stage you can reassess the direction of the project and the performance of the provider. The chances of getting the system you wanted in a timely and economic manner are drastically increased.

This clarity and openness will also be appreciated by the provider, with whom you will be more likely to forge a longer term relationship, promoting an increase in understanding and trust from which you will both benefit.






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Altus understand Financial Services - the products, the processes, the people and the systems that make the whole thing tick. With years of experience in complex change programmes, we understand that successful solutions begin with the business.

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