Outsourcing documentation development:

Assessing the offshore option

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Introduction

Outsourcing is a well-established business model with well-known success criteria. For many years, companies have successfully transferred non-core business functions to external organizations based in the United States.

More recently, companies have begun outsourcing to suppliers not located in the U.S. The correct term for this type of outsourcing is “offshoring.” When discussing the topic of outsourcing it is important to note the distinction, because outsourcing to a U.S.-based supplier and offshoring are not the same and have different implications for you and your organization.

This paper discusses some of the aspects that should be considered when evaluating the required resources and total cost of offshoring documentation development. As consultants to the documentation industry, The Integrity Group is committed to recommending the overall best solution for each business need. We have, therefore, drawn some conclusions from our research and extensive experience, and made recommendations for those who are considering offshoring.

The actual metrics for assessing offshoring costs are not included in this paper. Rather, it is suggested that you take each of the topic areas and measure the costs as they relate to your specific situation. It is only after factoring in the dollars related to these activities that you and your company’s executive team can make a complete assessment of offshoring’s potential financial benefit.

The success criteria

For outsourcing to be successful, both you and your service provider must be prepared to invest time and effort in establishing and maintaining a long-term relationship—a partnership, not just a “hand off and forget” approach.

Your documentation services provider should have a proven track record of supplying turnkey services, demonstrate best practices and ever-increasing levels of expertise, and bring added value in the areas of innovative cost savings and efficiencies. Even in a process-complex or product-complex environment, if the right supplier has been selected then your initiative has a high probability of success.

Highly respected companies such as Hewlett-Packard, Sun Microsystems, BMC Software, Adobe, Halliburton, and Transocean have developed successful long-term relationships with full-service documentation solution providers in the U.S., and are increasingly adopting outsourcing as an effective cost-saving measure.

The companies that have attempted to transition documentation development directly to a low-cost offshore supplier or develop their own offshore team, though, tell very different stories. Successes are hard to find, and in almost every case the expected cost savings have not been realized. Offshoring failures seem to be more common when working in a complex product development environment with compressed schedules, where many changes are made at the last minute.

Most experts agree that offshoring success is relatively easy to obtain for business processes that require little or no interpretation and can be completed independently, in a “self-contained” fashion. Since documentation development does not match these criteria offshoring this function requires significant investments in process and project management, and in quality control.

Travel, education, cultural, and language differences

Successful outsourcing requires intense face time during the launch phase and regularly thereafter to establish the rules of engagement and maintain the relationship. When offshoring, the associated costs are greatly increased as both yourself and the offshore supplier must make lengthy and expensive trips. Remember that these costs include actual travel-related expenses and reduced productivity caused by your employee’s absence. Unwillingness to invest these extra dollars is a recipe for disaster.

The employment of offshore writers with less training and experience than your projects require, means that the training burden, and the added cost for failed expectations, falls to you.

When offshoring, you must consider that the cultural differences can be significant, and very expensive. Technical writing is much more of an art form than it may seem. It is a creative, intuitive, knowledge-based function. Documentation deliverables often require educated guesswork and reasonable assumptions right up until the final phase of the schedule, then “trueing up” to the actual finished product just before going to production. This creative process is more complicated with an offshore documentation team (even if the product team is offshore). Representatives of offshore organizations describe their cultures as being more suited to tasks that require them to follow established rules, without interpretation. Anyone who has taken engineering content and tried to develop quality end-user deliverables knows that the job requires **lots** of interpretation.

The language differences create many challenges. Apart from the obvious difficulties in creating English content, communication among the project team members is more difficult, more time-consuming, and therefore more costly. Conference calls take longer, information is misunderstood, and email volume increases. Even worse, poor communication is one aspect of any outsourcing relationship that will doom it to failure.

In some cases, increased costs of the offshoring initiative may be attributed to the types of products being documented. For software, hardware, and other complex products that are developed in high-pressure work environments, with compressed schedules, the likelihood of expensive rework increases significantly. In this environment, changes must be made often and quickly, many at the last minute. The documentation that must accompany these types of products is considered critical to the end user's out-of-box experience and the company's brand identity, so it must be developed to exacting standards. Many companies report enormous amounts of content rework from offshore documentation teams to ensure corporate branding standards are maintained, content is accurate, and their customer's experience is positive.

The effect on management

Additional costs that must be factored into the assessment of offshoring relate to the greatly increased management effort, including:

- Training and knowledge transfer time.
- Establishing not just the outsourcing processes, but also the offshoring processes.
- Verifying the experience, knowledge base, and track record of the offshore supplier.
- Working in a broader set of time zones. This can increase telecommunication expenses, expand time demands on subject matter experts, increase the likelihood of scheduling conflicts for virtual team meetings, and cause delayed turnaround of updates to deliverables.
- Establishing and enforcing fundamental rules and processes that, for an experienced team, are intuitive or experientially known.
- Resolving the challenges caused by significant worldwide technological differences, especially in communication protocols, power supplies, regulatory, and safety areas.

It is not unusual to hear that management resources have been expended to rehire U.S. team members who were laid off in the expectation of offshoring success, with the rehire often receiving an increased salary.

Quality impacts the bottom line

When it comes to quality it is often hard to apply quantitative measures; nonetheless, it is well known that problems with quality can be expensive. Low-quality documentation developed offshore must be reworked to avoid increased customer support costs and to retain brand identity.

In almost every offshoring case study discussed at recent STC Annual Conferences, delegates made statements such as, “it costs half as much per hour, but it takes three times as many hours to do the same work.”

Assessing the hidden costs

Most organizations that have attempted offshore documentation development also report that the supplier did not fully articulate expected costs. While not always deliberate, true management costs were often “hidden” and final costs invariably doubled or even tripled from the original estimate.

Validating the process maturity levels and capabilities maturity model (CMM) ratings of offshore suppliers is difficult. Research has shown that although the advertised savings for offshoring were around 60-80%, actual savings of 0-20% were common and in many cases the “savings” were negative. Other companies reported negative ROIs in spite of a three-year investment in the offshoring business model.

As demand for offshore workers increases, so do their salaries. Salaries in India, for example, are increasing by double digits almost every year.

And for some overseas locations employee turnover is extremely high—sometimes as much as 50%—as employees are regularly recruited away from their current jobs. For a knowledge-based function such as documentation development, this can be disastrous.

In some countries, the lack of robust infrastructure creates tremendous risk and increased work effort. Many companies with experience developing products overseas cite disparities in security, law, and politics of the offshore host country as costly hidden expenses. For example:

- Information security—The potential loss of intellectual property and business process secrets, and the risks posed by wide variations in technology infrastructure, must be factored into the cost of services. The vendor’s corporate infrastructure, network security, backup, and archiving procedures may not meet minimum standards. China, in particular, lacks laws to protect companies' intellectual assets and is suspected of having a major espionage program targeted at U.S. technology firms.

- Business continuity—The likelihood of events ranging from local flooding to a citywide loss of electricity must be assessed. Large terrorist networks exist in the Middle East and Southeast Asia. Some countries regularly engage in conflict with neighboring countries. Outsourcing to a third party, or having your own offshore team, in one of these countries means risking anything from employee safety to the disruption of daily operations and the complete loss of products.
- Legal, political, and financial differences—You must ask questions such as: Which currency will you use to conduct transactions? Which country's laws will prevail when disputes occur over issues such as intellectual property rights? Are there any special tariffs? Do any countries against which the U.S. has imposed sanctions supply the offshore company? Numerous lawsuits have arisen over intellectual property rights, and more than a few corporations are currently embroiled in bitter legal disputes over intellectual property ownership.
- Government regulations—Failure to comply with foreign government labor regulation, taxation, and other rules can result in stiff penalties and lengthy delays.
- Negative publicity—Your organization must consider the possibility that the decision to offshore will create additional public relations expense.

Costs add up even when offshoring is done right. Many companies tend to send expatriates to set up their operations abroad—and their wages usually run high.

Projects that may be suited to offshoring

Even though the economic benefits of offshoring documentation development are not yet proven, the anecdotal evidence does suggest that offshoring may work when:

- The subject matter is not related to new product development, where significant changes occur constantly.
- The subject matter is not highly complex.
- There is extensive leveraging of content from previous documentation.
- Your organization has a sizeable budget to invest in an initiative that will require many years of investment before a return is realized.
- Your organization is prepared to work projects in parallel (effectively doing twice the work) during the transition period.

Conclusions

To date, no company seems to be reporting that engaging a supplier directly offshore, or building your own offshore team has provided the expected cost savings. Early adopters report a minimum of three years of investment before any ROI even begins to be seen, and there has been no clear statement that the positive ROI includes the previous years' investment. No one is yet sure that the return will actually happen, nor that the changing U.S. and overseas economies will negate any benefit. In reality, perceived financial benefits from direct offshoring may decrease over time.

When you take into account the blended rate for managers and individual contributors, the increased hours for development and rework efforts, the lost opportunity costs, and the hard dollars related to travel and technology support, directly outsourcing documentation development to an offshore supplier, or working with your own offshore team, seems far less attractive.

Add to that the risk to schedules and reduction in customer satisfaction, and the argument for direct offshoring is highly debatable.

In contrast, a content development supplier that can provide you a blended solution (using both U.S. and offshore resources in relevant roles) can provide your company with the benefits and expected results. The outcome of "faster, better, cheaper" is much more likely if the U.S. and offshore teams are integrated, and best practices are applied across the integrated organization.

Globalization is here to stay, and offshoring will continue to play an important role in business economics. When it comes to documentation development, however, you must consider much more than the hourly rate for an individual technical writer to determine if offshoring will bring the desired return.

If your organization has been tasked with testing offshoring as an outsourcing alternative, your initiative has a higher likelihood of success if you identify an experienced, onshore/offshore supplier who can lower your risks and guarantee the results. If you take into account all the associated costs, your expectations will be more realistic and you will be able to better quantify the financial benefit.

Additional reading:

Foxnews article: Dell to Stop Using India Call Center
http://www.foxnews.com/story/0%2C2933%2C103955%2C00.html

Network Computing article: How Offshore Outsourcing Failed Us
http://www.nwc.com/story/singlePageFormat.jhtml;jsessionid=LZX3DXZCSO1U0QSNDBGCKHQ?articleID=15201900

Business 2.0 article: The Real Risk in Indian Offshoring
http://www.business2.com/b2/web/articles/0%2C17863%2C663502%2C00.html

Business 2.0 editor's letter: The World Beat
http://www.business2.com/b2/web/articles/0%2C17863%2C664880%2C00.html

STC.org article: Outsourcing – What Does It Mean For Us?
http://www.stc.org/intercomCurrent.asp

About *The Integrity Group*

The Integrity Group is a full-service content development, management, and deployment company, specializing in technical documentation, training, and sales/marketing solutions. The company is headquartered in Houston, Texas, with branches in Bangalore, India; Palo Alto, California; and Denver, Colorado.

Since 1994, The Integrity Group has been providing outsourced content solutions to Fortune 500 companies, worldwide. Integrity's total solutions focus on overcoming the challenges of content development in complex product environments where schedules are compressed. Integrity serves a variety of markets, such as technology, manufacturing, oil and gas, biotechnology, government, and higher education.

Integrity has extensive experience in helping clients deliver documentation, knowledge/content management, training for both external and internal audiences, and sales/marketing solutions, on time and to the highest quality standards. The Integrity approach gives customers the ability to reduce infrastructure costs, meet time-to-market schedules, and centralize processes.

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