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Stressing Home Field Advantage

Story by Patrick Thibodeau

OCTOBER 20, 2003 ([COMPUTERWORLD](#)) - U.S. IT vendors are attempting to compete with offshore service providers by developing more cost-effective business models and telling customers that price isn't everything.

One such company is Ariesnet Inc., a Web developer that uses independent contractors to deliver projects in a system it calls "virtual teaming." The system allows Ariesnet to deploy its workers as needed and get more done at lower cost, said Cruce Saunders, president of the Dallas-based company.

By treating employees well and building a project delivery structure that allows flexibility in their schedules, "your whole organization will benefit from adding talent without adding cost," said Saunders.

Chip Express Corp., a custom chip manufacturer in Santa Clara, Calif., hired Ariesnet to redesign its Web site.

"Developers in India are very capable of coding and providing what you ask for," said Heather Savage, the marketing communications manager at Chip Express who managed the project. "But that's not all I need," she added. Savage said that although she considered offshore developers, she ultimately valued the easy access she had to Ariesnet's Web developers and felt she was working in partnership with the company.

Another outfit taking on offshore developers is Real-Time Technology Solutions Inc. in New York. Earlier this month, the company announced a service called Onshore Automated Testing, which has enabled it to reduce prices by offering remote testing services instead of having its employees go on-site.

Some service providers, such as Deloitte Consulting in New York, say they're competing by operating offshore development centers that combine the best of both worlds: low cost, plus value-added integration and business-consulting expertise.

Some users of offshore services, meanwhile, recommend against trying to compete directly with providers in India and elsewhere.

"I think U.S. companies can compete, but it won't be as the low-cost provider," said Ron Glickman, CIO at DFS Group Ltd., a San Francisco-based company that operates duty-free shops primarily at airports worldwide.

Instead, Glickman said, U.S. firms need to focus on strategies that provide expertise beyond what's available from offshore development. "I think getting complementary with offshore is a more important strategy than getting competitive with offshore," he said.



Ron Glickman, CIO at DFS Group Ltd.

One thing that's made offshore providers attractive is the quality of their work, said Paul Fielding, who is in charge of offshore initiatives in application development at a financial services firm that he asked not be named.

Fielding, who was at offshore provider Cognizant Technology Solutions' user conference in Key Biscayne, Fla., last week, said that although costs are prompting U.S. firms to look offshore, it's the quality of the work that keeps them there.

Fielding said India's developers are more disciplined about coding than U.S. developers are. The U.S. software industry was spawned by brilliant and creative people who focused on innovation, not quality, he said. "That culture persists even today," Fielding said, "but now people depend on this technology as though it were a manufactured product."

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