

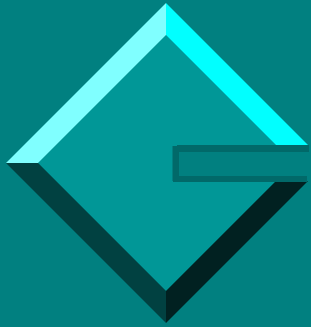
GREYCON

Outsourcing Out of Country Greycon's Experience

Alan Cheesbrough



- ❖ Specialise in software solutions for the roll and sheet industries (80% Paper and Converting)
- ❖ Pre-2000, focus on finite capacity scheduling and trim optimisation
- ❖ Today – Extended product range to encompass
 - Enterprise wide supply chain planning and optimization
 - Cross Enterprise Scheduling and Trim
 - Collaborative Planning, Forecasting and Inventory Replenishment
 - Real time shop floor optimisation



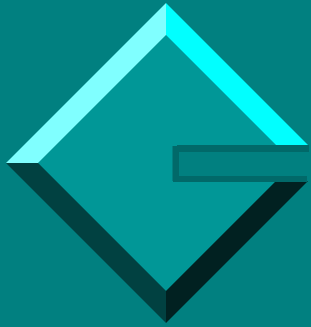
The Challenge

To Bring Our Extended Product vision to market quickly and without compromising our fundamental business goals of:-

- ❖ Delivering products with high intellectual content and niche market specialisation
- ❖ Maintaining our high product quality
- ❖ Utilising 'state of the art' technology
- ❖ Ensuring sustainability

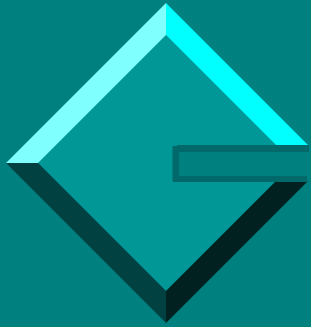
Whilst:-

- ❖ Getting our product to market in a short time frame
- ❖ Maintaining tight control of the R&D budget



The Options

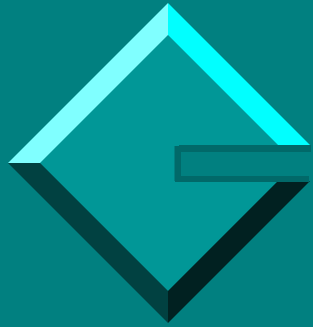
- ❖ **Extend our development team by recruitment and develop in-house**
- ❖ **Outsource the design and development program (offshore)**
- ❖ **Design in-house, outsource the development**
- ❖ **Another way ??**



Recruit and Develop In-House

- ❖ **Needed a team of 6 (for the first phase)**
- ❖ **Time to recruit and build a team takes too long**
- ❖ **Difficult to bring high calibre developers together from different backgrounds and gain a common technology 'buy in' (they all think they know best !!)**

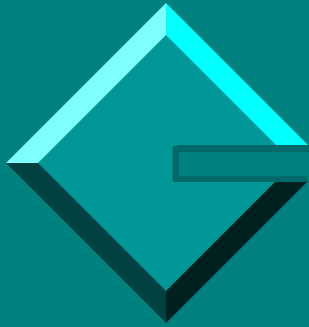
Takes too long, costs too much



Outsource the R&D program

- ❖ **Lack of internal control**
- ❖ **Need specialist industry knowledge**
- ❖ **Difficult to achieve sustainability after development is complete**

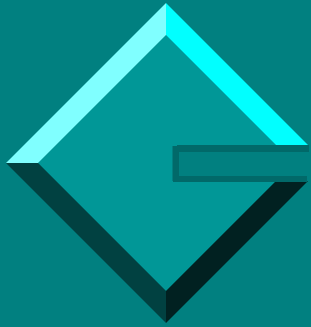
High risk – not viable for strategic development



Design In-House, Outsource Development

- ❖ Provides needed in-depth industry specialisation ✓
- ❖ Can be controlled in terms of method, technology and quality ✓
- ❖ Cost and project timeline targets could be achieved ✓
- ❖ Has been used by many software end-users successfully ✓
- ❖ Some software vendors have used this approach for technology conversions ✓

Unsatisfactory for software company embarking on strategic product development. Main problem – continuity of product enhancement and support.

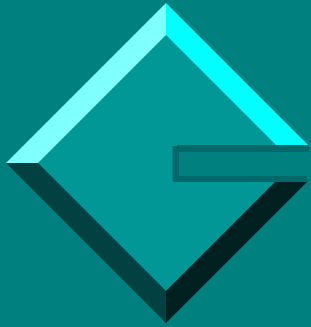


Greycon Approach

Commence design and in parallel seek a company offering outsourcing services with the following characteristics:-

- ❖ **An existing effective team**
- ❖ **High calibre people with strong success motivation**
- ❖ **Existing working knowledge of appropriate technology**
- ❖ **Living and working in a region with low cost of living**

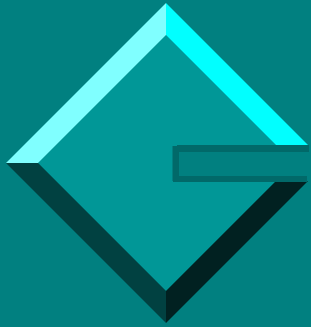
Test the approach with a small project



Greycon Approach

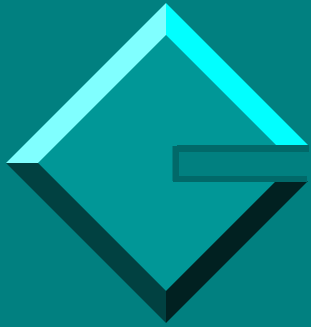
Invest in the company in order to:-

- ❖ Become part of the management team**
- ❖ Improve infrastructure and working conditions for the team**
- ❖ Provide education in both industry specialisation and software design and development methodology**
- ❖ Create two way commitment to a long term relationship**



What We Did

- ❖ Found a company of about 15 people based in Dnepropetrovsk in the Ukraine
- ❖ Successfully executed a small development project and integrated the resulting software into our core product.
- ❖ Provided cash investment in the company and established a joint development contract.
- ❖ Introduced the Unified Modelling Language into the company as a means to communicate functional and technical design



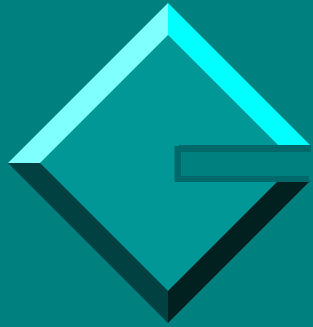
The Reality





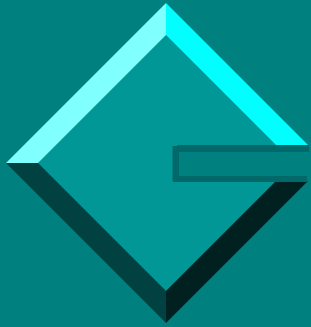
The Reality





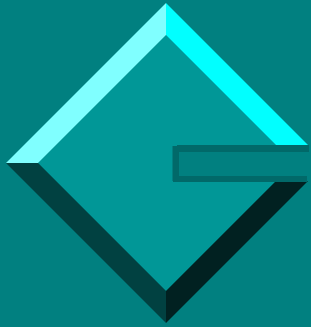
The Reality





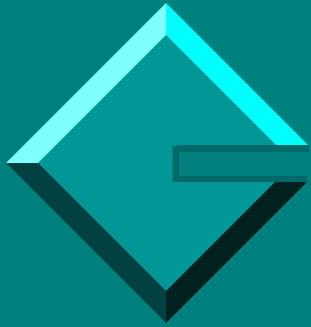
The challenges

- ❖ **Language (mostly Russian)**
- ❖ **Culture and work ethic**
- ❖ **Governmental restrictions**
- ❖ **Distance**
- ❖ **Poor transportation**
- ❖ **Travel and VISA issues**

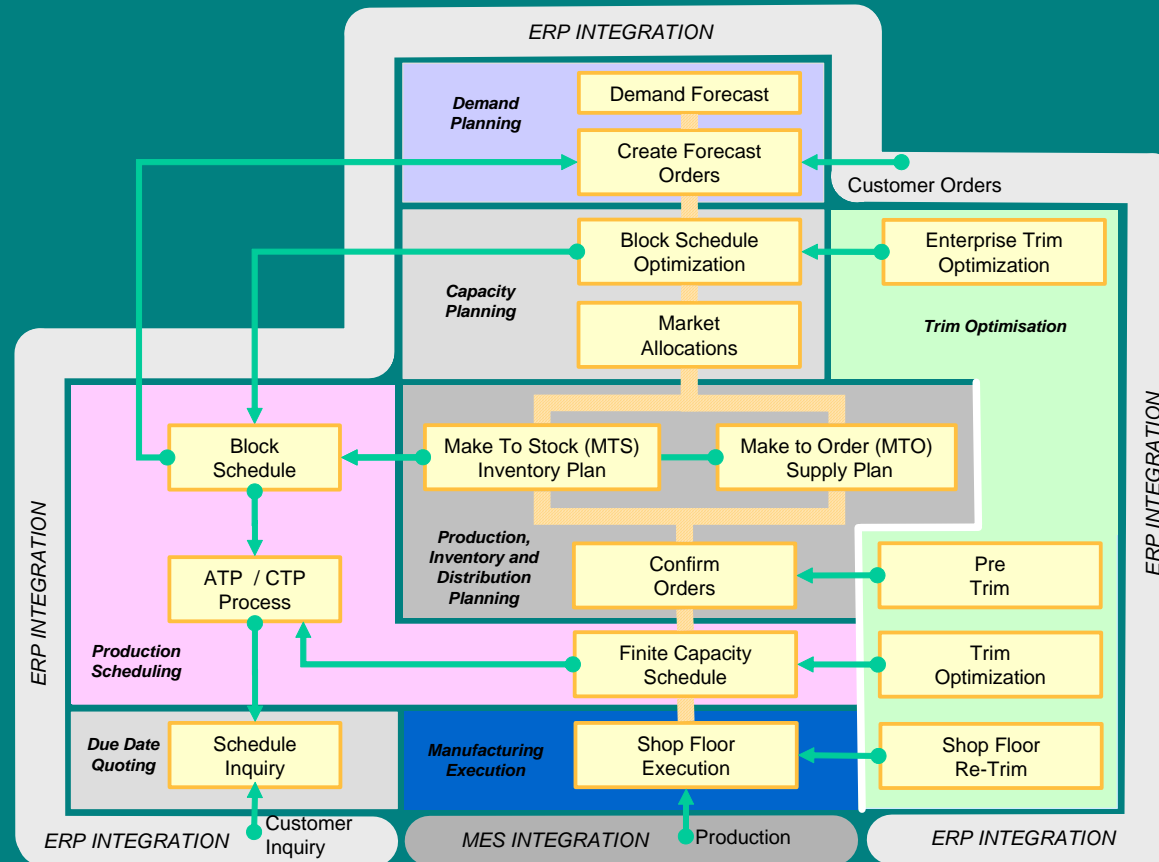


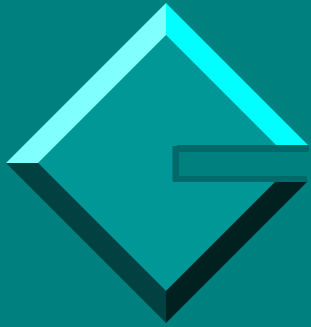
Our Outsourcing Partnership Today

- ❖ **Currently 20 people in the Ukraine**
- ❖ **High rates of pay**
- ❖ **Good working conditions**
- ❖ **Continuity of interesting and demanding project work**
- ❖ **Maintain low development cost base**
- ❖ **Virtually zero staff turnover (in 4 years)**
- ❖ **Cross fertilisation knowledge, skills, technology and methods**



Partnership Developments

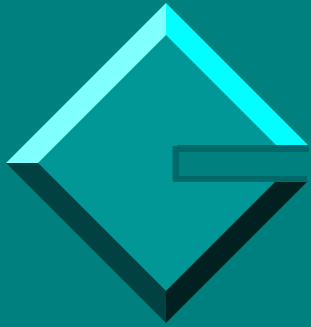




The benefits

- ❖ **Achieved great team loyalty**
- ❖ **High commitment level from team (when things get tough)**
- ❖ **Security in the sustainability of our products**
- ❖ **Rapid functional enhancement of our product set**

Has allowed us to do what would have been impossible with in-house resource.



Questions ?