



Offshoring Challenges - Myth Vs Reality of Offshoring Benefits

There has been so much hype about the benefits of offshoring, especially how you can reduce costs by offshoring to a place like India, China or one of the eastern block countries. While you pay offshore vendors much less than what you would be paying a U.S. Vendor, some members of your staff complain that offshore productivity is really low, that 2 or 3 offshore people are doing the same work that used to be done by one experienced person in the United States.

And that's not all: offshoring entails additional costs for travel, communications, and duplication of equipment, to name just a few expenses. At least some of your staff may be implying-or even loudly proclaiming-that offshoring is not saving money after all and moving some functionality was a bad idea. Even if offshoring may have saved you money in the beginning, it may not be doing so any longer. After all, offshore labor costs are on the rise.

In order to understand the full cost of offshoring, you should take into consideration the intangible costs also. If, for example, your management team must work into the night and arrive at work in the early morning to manage an offshore resource, their perception about who's benefiting and who's hurting becomes personal.

While for a temporary period, your staff may be willing to do this to be good corporate citizens, you cannot ignore the human cost here in the U.S. of offshoring. To get to the real costs of offshoring, you need to develop an objective view of all facets of the costs, including intangibles and any differential in offshore productivity.