

# Effective IT Nearshoring From Idea to Realization

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- **Company presentation**
  - **Reksoft**
  - **Springer**
- **Nearshoring effectively organized**
  - **The decision process**
  - **Why Nearshoring**
  - **How to find the right partner**
- **Cooperation experience Springer- Reksoft**
- **Future prospects**



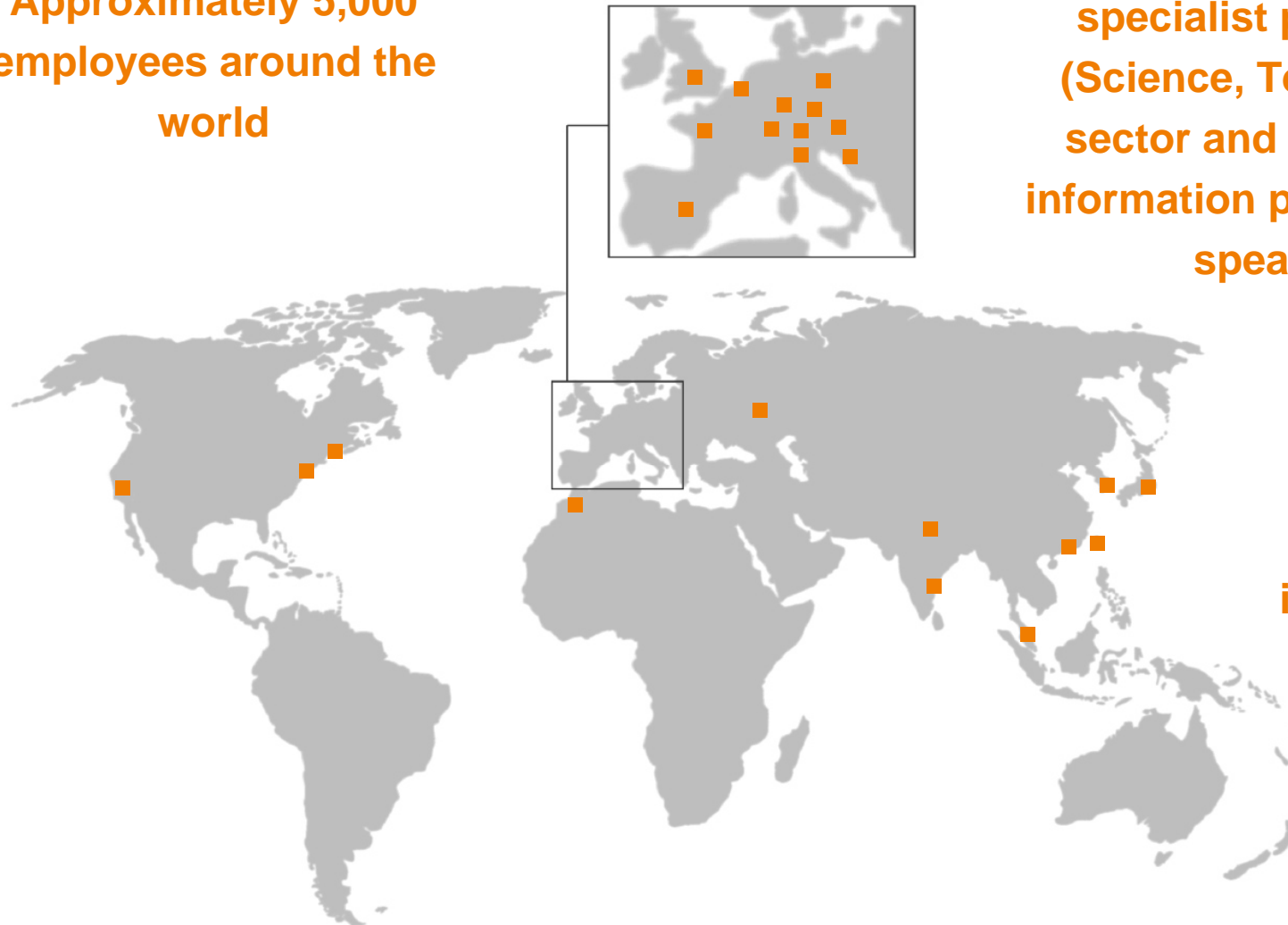
## Reksoft: Software Engineering Company

- Founded in 1991
- 350+ employees
- Headquarter: St. Petersburg (Russia);  
Sales and support offices:  
Moscow, Munich, Stockholm
- ISO 9001:2000; CMMi Level 4
- Focus markets: Western Europe
- Services:
  - Offshore Dedicated Centers (ODC)
  - Application/Product Lifecycle Services (ALS/PLS)
  - Standard software integration (DMS, ERP)
- Technology partnerships:



70 publishing houses in more than 20 countries worldwide

Approximately 5,000 employees around the world



The world's second-largest specialist publisher in the STM (Science, Technology, Medicine) sector and the largest specialist information provider in the German-speaking countries

Consolidated sales:  
about EUR 783 million in 2004; about EUR 838 million in 2005

# Leading publisher in Germany, Europe and the world

## Springer

In the STM (Science, Technology, Medicine) sector

- ranks 2nd in the world
- more than 1,500 journals
- more than 4,000 new book titles annually
- about 100,000 articles per year
- 90% published in English
- 150 Nobel prize-winners

## SpringerLink

- one of the leading Internet science portals
- includes more than 3 million documents
- Springer eBook Collection with over 15,000 titles
- 125 million user sessions in 2005
- 35,000 registered institutional users (libraries and research institutes worldwide)

## BSMO Business Solutions Medicine Online

- Largest medical Internet portal in Germany
- Total of 5 million page impressions per month with Lifeline and Multimedica

## Heinrich Vogel / Etrasa / Codes Rousseau

- European market leader in the driving school business

## Gabler Verlag

- Germany's largest business publisher

## Heinze / ibau

- Market leader in construction information in Germany

## Birkhäuser / Springer Wien / Princeton Architectural Press / Bauverlag

- World market leader in architecture

**Out- or near-shoring requires a clear strategy because it will never solve problems of internal organization**

## Criteria for out-/off-/near-shoring

- Cost reduction
- Concentration on core competence
- Gain flexibility
- Use special knowledge

## Springer's approach

- Keep the control of the processes in-house
- Use the external resources to
  - react flexibly to varying capacity requests
  - save money because of reduced daily rates
  - get expert knowledge

**Do not underestimate the risks**

**→ Think big but start small**



## Nearshoring vs.

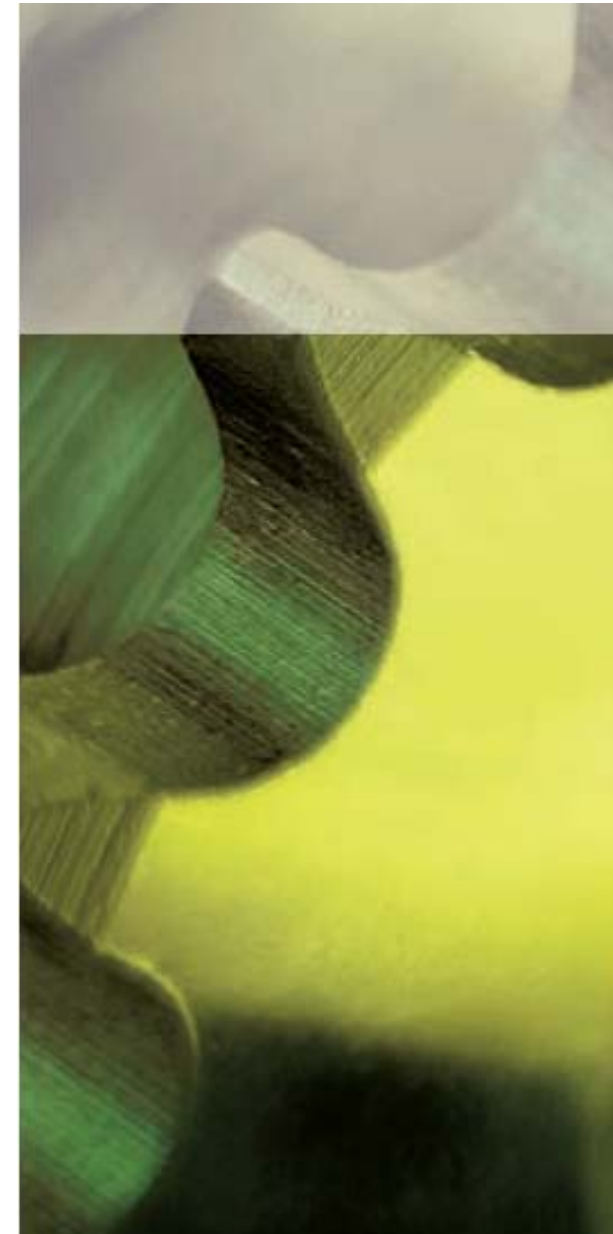
- Time differences
- Travel time
- Language skills
- Cultural differences
- Fluctuation of employees

## Offshoring

- Daily rates
- Offshoring experience
- No. of companies
- Political situation

## Springer's approach

- While Springer's experiences with offshoring of typesetting activities to Asia are very successful, this approach failed for IT development tasks mainly because of:
  - Lack of specific knowledge (documentum)
  - Incapability to build up the knowledge according to our needs
  - Loss of knowledgeable employees
  - Difficult control procedures due to time difference and distance
- Attempt to work together with a nearshoring partner



**There is no recipe on how to find the right partner, but some of our experiences might be helpful:**

- **Define your expectations of the partner company and its employees as clearly as possible (e.g. size and market expertise of the company, of the region if necessary, profile and experience of the employees)**
- **Search and pre-select the companies according to these criteria (Internet, surveys from Gartner, Butler)**
- **Talk to the company's representatives and let them fill out a table of expertise for their employees who might be assigned**
- **Very important: Make an on-site visit (well prepared)**
  - **Name your expectations and the future prospects**
  - **The employees who might be assigned should attend (check language skills)**
  - **Have a look at the education center and the working area**
  - **Talk to the employees at their working place**
- **Beside objective assessment criteria, the “chemistry” must be right**
- **Last but not least, talk and/or visit a reference customer with a similar approach**



## 3 concurrent projects

- **Journal Workflow (JWF)** - content management for journal production
- **Book Workflow (BWF)** - content management for book production
- **Flow** - business process management, including pre-production, production and post-production phases (both for book & journals)

## Cooperation phases

- **Training** – 2 weeks, completed in Oct 2006
- **Pilot (BWF v 1.0)** – completed in Jan 2007
- **Full-scale outsourcing** - ongoing



**The experiences with Reksoft are consistently positive, otherwise I wouldn't stay here.**

- **The promises made by Reksoft marketing and sales were kept, which is by far not usual**
  - **The knowledge of the system engineers and the developers is as defined and according to our needs**
  - **The quality of the developed software is good**
  - **The increase of trained capacities took place in the agreed timeframe**
- **The team thinks proactively and makes very constructive proposals to optimize the work even outside their original field of responsibility**
- **The Reksoft team is now supporting us in creating the functional specification as well**
- **Tools already in place at Reksoft are optimizing the time for development**
- **Even the administrative process went smoothly**
  - **We started working based on a “Letter of Intent”.**
  - **Drawing up of the contract was as “unbureaucratic” as possible**
  - **The contract is based on German law.**



## Cooperation with international market leader

- Professional team
- Established processes
- Critical tasks to be solved

## Real business need in Nearshore outsourcing

- Management attention
- Aggressive development plans
- Strict requirements to Nearshore partner; ambitious goals

## Partnership approach

- Cultural proximity
- Involvement of Reksoft in cooperation model set-up and requirements definition phases
- Attention to Reksoft experience in technology and outsourcing (development methodology workshop held by Reksoft for Springer team in Feb 2007)



**Based on the good experience we have made so far, we will increase our nearshoring activities in the future**

- **Usage of additional Reksoft employees in other long-term documentum projects**
- **We created a concept to use nearshore capacities in the area of SAP development**
  - **Meanwhile we are in the middle of selecting a partner for the nearshoring of SAP development**
  - **We are focusing on companies in the eastern European market , mainly Russia**

## **Final finding:**

- **Nearshoring has clear benefits compared to offshoring**
- **The quality and the good cooperation definitely speaks for Russia as the land of choice**



# Thank you for your attention!



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