

Benchmark Softech: cost savings on offshoring will disappear.

"Lower costs will no longer be an argument for offshoring in the long term. Just like the way water will find its own level, there will come a time that the cost advantage of offshoring will be equalized away.

Quality and customer satisfaction will be the advantages which will tempt companies into offshoring." says **Rajiv Shivashankaran**, CEO of the Indian outsourcing Benchmark Softech.



'Belgium clients are very demanding, more than in other countries. But that is a good thing, it's an intellectual challenge for us and Belgian companies appreciate quality'

In the Indian offshoring industry Benchmark Softech is a small, fast-growing player. The company, based in Chennai, was founded in 1994 and is part of the Kirtilals Group, a Belgian-Indian organization that controls, amongst other interests, a large portion of the Antwerp diamante trade (under the name of Eurostar) and generates a turnover of more than a billion euro. Today Benchmark counts about 300 employees spread over establishments in California, the UK, Belgium, the United Arab Emirates and of course their own offshore development core in Chennai, India.

Realistic

"The power of Benchmark consists exactly in that combination of small-scale operations and a large financial support", says Rajiv. "We have the flexibility that is the advantage of a smaller organization but at the same time we can offer the security that the financial capacity of a large group entails. And still we can guarantee the same high quality level as our larger competitors because in the coming months we expect to achieve the CMM Level 5-recognition."

Nevertheless Rajiv remains sober, he realizes that at this moment, Benchmark cannot handle any kind of out-sourcing contract. "I do not picture us walking into the World Bank tomorrow and signing a 4 billion dollar contract, that is not within reach yet. We only take assignments that we are sure we can handle." Isn't his position weaker compared to the other outsourcing companies of western origins with established reputations in Belgium and that also offer offshoring? "No, I don't think so", counters Rajiv, "recent studies have shown that these companies will make use of offshoring to reduce cost, while our main selling argument is the high quality and not as much the cost savings. For that matter, often parts of large outsourcing contracts are subcontracted to us anyway..."

Extension

For Rajiv there is no doubt, the central question in offshoring is not "should we do it?" but "when will we do it?" You can't stop it, the whole economy is moving in that direction, he says. "But not solely on the argument of cost reduction, because in the long term this won't be valid anymore, there will be a leveling out of prices in five, maybe ten years. That's why with our clients we emphasize at this time already that offshoring is a matter of quality, flexibility and service, rather than solely a question of cost reduction."

He admits that it will require a change in mentality on the side of the subcontracting firm. "To make an offshoring adventure succeed, a company must see that we are an essential part of their activities, that we are an extension on an offshore location. That is why we pay so much attention to learning to think and work like the client."

Offshoring inevitable

General Director Rajiv Shivashankaran:
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The fear of exposing company secrets when working with offshoring is something that he disregards. "The client must realize that we are an offshoring company in India, offering IT services, and that we don't in the least have plans to start other activities in Belgium. We have strict confidentiality clauses in our contracts, our employees are carefully screened - in the end it's a question of mutual confidence."

How about the argument that offshoring is cutting jobs in Belgium? "Our experience is that even the unions begin to see they don't have a choice: either you subcontract a part of your work to offshore locations or you're out of business in a couple of years. We, being an Indian company, are careful not to interact directly with the unions because that might escalate a conflict, but we often give advice to the management on how to deal with such situations."

Demanding Belgians

Isn't the failure of an offshoring project often a consequence of a faulty communication between outsourcer and client? "It's important to know what the expectations are of the client and to tune your communication to that. Our employees are thoroughly trained in effective communication techniques and we have established procedures to tackle problems with purposeful communication before having to solve a small crisis. That too is part of the offshoring business!" And Rajiv's experience with the Belgian market? "Belgian clients are very demanding, more than in other countries. But that is a good thing, it's an intellectual challenge for us and Belgian companies appreciate quality, which is a good motivation for our employees. One thing is sure: there are many opportunities for us in Belgium, it's only a matter of patiently working on the road."
