A look at 5 Common Delivery Models

The delivery model is based on the location(s) of the project resources during service delivery. There are several factors to weigh when deciding the most suitable delivery model for a project. We explore the advantages of the common delivery models used in the software industry:

1. Onsite Delivery Model
2. Offsite Delivery Model
3. Offshore Delivery Model
4. Onsite/Offshore (Hybrid) Delivery Model
5. Offsite/Offshore (Hybrid) Delivery Model
Onsite Delivery Model

Under the Onsite Delivery Model, service providers position their skilled personnel at the client’s site. The service provider’s personnel work in continuous interaction with the client’s team for the entire contracted period, which can range from the point of collecting information to the implementation to maintenance and support.

The only difference between the customer’s normal working model and the onsite model is that the client’s task is accomplished by a team of outside experts (i.e. service providers working within the same premises as the other employees of the client).

The Onsite Delivery Model is the best for short-term projects and is usually adopted where the scope of the project is repetitive and open-ended, which is the case with most of process re-engineering-related services. It is also the preferred delivery model when the client is not very clear regarding the end results required or when there is a possibility of fluctuating requirements during the course of the project.

If direct and continuous client interaction is desired at each and every step of the project, such as cases where approval of the client’s team is required after each stage, then this is the only model that effectively fulfills this need.

The onsite model is also preferable when the client wants to upgrade their existing system and migrate to the latest technology, assuming the client is able to afford the changes required in their existing set-up to accommodate the service provider’s onsite team.

The advantages of Onsite Delivery Model include:

- **Face-to-Face Interaction:** Continuous interaction with the client enables the service provider to have a clear understanding of what the client is expecting from them and also of the end results desired by the client.

- **On-Hand Information:** The service provider can obtain first hand information by understanding the scenario existing at the client’s workplace.

- **No Communication Gap:** The chances of miscommunication or misperceptions of expectations are effectively eliminated.

- **Minimal Project Changes:** The number of changes required at later stages of the project in the output provided by the service provider will almost be negligible.

- **Quicker Time to Market:** For the clients, time-to-market involved in this model is less.

The additional costs involved in providing the additional facilities to the onsite team working within the client’s premises may act a limiting factor for the onsite model to be adopted by the clients.

Offsite Delivery Model

In Offsite Delivery Model, the service provider works and is located within easy traveling distance of the client (i.e. the service provider is in the same city, state or country as the client). This can prove beneficial to the client as well as the service provider. A common perspective can facilitate a better understanding of the client’s needs with no potential language or cultural barriers to overcome.

The Offsite Delivery Model enables the client and service provider to have face-to-face interaction on a regular basis, which is advantageous to both of them. This is especially important when the client’s requirements are not well defined and/or are expected to change during the course of the project.

The offsite service provider working in close conjunction with the client will be able to understand and accommodate required changes into the project in a faster and better way.

The Offsite Delivery Model is ideal when the client is not in a position so as to expand its facilities suddenly to accommodate the service provider’s team and requirements but at the same time wants to outsource to a company located near them.

The client also retains significant control of the development process, ensuring it plays a pivotal role as the project progresses.
The advantages of Offsite Delivery Model are:

- **Faster Response**: Responsiveness to changes in client’s needs is faster.
- **Clear Perception**: Physical proximity helps to understand the client’s needs in a better way.
- **Good Synchronization**: Better coordination between the client’s team and service provider’s team.

Because of the geographical proximity involved in the Offsite Delivery Model, the client will have access to limited technical expertise only, which may affect the quality of work that could have been received by going for service providers beyond their geographical boundary.

### Offshore Delivery Model

In the Offshore Delivery Model, the entire project is accomplished at the service provider’s offshore development center, which is located in a different country. The client deals directly with the offshore team. After the initial interaction with the client regarding their requirements and expectations is complete, the service provider will have no face-to-face interaction with the client during the entire development process. Of course as the project progresses, both parties will be communicating regularly through other means of communication to clear any confusion and issues that may arise.

The Offshore Delivery Model is preferred in cases where the project is well planned, from inception to completion, and the service provider’s offshore development center team has a clear understanding of the client's needs.

Also the client should be very clear about what they expect and it should be conveyed in clear definite terms to the service provider. The level of fluctuations in the client’s requirements is expected to be minimal in this type of model. The clients prefer to go for the offshore model when their project is long termed and voluminous.

Offshore Outsourcing is again the best option when the client expects to have a series of IT projects, critical to achieve its business objectives, to be done at an affordable cost. The offshore development center can have a dedicated team catering specifically to the client’s needs; thereby enabling the service provider to provide the best possible results as expected by the client. The outcome of such an arrangement will be in perfect compliance to the client’s anticipations.

The advantages of Offshore Delivery Model are:

- **Reduced Costs**: Low labor costs drastically reduce the project’s overall cost.
- **Excellent Results**: Clients get high quality work from experienced, talented offshore resources.
- **No Extra Expenses**: Client doesn’t have to expand infrastructure to accommodate an onsite.
- **Access to the Most Optimal Resources**: Client can have access to the best possible technology, skilled manpower and equipment, depending on their budgets.
- **24/7 Productivity**: Project is not affected by time-zone differences.

Because there is no presence of the service provider at the client’s site, in the Offshore Delivery Model there is always the potential of a communication gap between the client and service provider. Also, there is a level of risk involved because if any disaster strikes the offshore development center or the offshore center faces any problem then the progress of the project would be interrupted resulting in delay of project completion.

Before deciding to adopt the Offshore Delivery Model, the client needs to be aware about certain offshore outsourcing issues and ensure they are addressed. It’s very important to thoroughly evaluate the vendor and their resources before deciding on a particular offshore service provider.

### Onsite/Offshore (Hybrid) Delivery Model

In Onsite/Offshore (Hybrid) Delivery Model, the outsourcing work is distributed between the service provider’s onsite team and the offshore development center, providing the client with the advantages of both types of outsourcing models.
It is one of the most successful and popular outsourcing models employed today by many companies. The distribution of work depends on the type of project. Usually 20% to 30% of the work is done by the onsite team and the rest is done by the offshore development center.

**Generally, the tasks accomplished at the onsite center include:**

- Gathering initial information about the project through direct interaction with the client.
- Understanding the requirements/specifications clearly.
- Planning of project, from beginning to end.
- Interacting directly with the client on changes, if there are any, so as to minimize and/or eliminate last minute changes.
- Executing of the project in accordance with client’s expectations and making sure that the client is fully satisfied with the end results.
- Dealing with the client and managing partnership.

**Tasks accomplished at the offshore development center include:**

- Understanding the specifications and coming up with a detailed design. Responsible for the progress of the project.
- Ensuring that the outcome matches to the specifications given by the client.
- Crucial and continuous support to the onsite team.

The Onsite/Offshore (Hybrid) Delivery Model is generally preferred in cases where the project is complicated and is expected to continue for a longer period of time. While enjoying the benefits of offshore outsourcing, the client still gets an onsite team to address any queries or issues without the burden of managing a large-scale onsite team.

This hybrid delivery model is preferred in software development outsourcing because of the cost savings of utilizing offshore resources while reducing the total infrastructure cost (for onsite team).

The advantages of Onsite/Offshore Delivery Model are:

- **Direct Interaction:** Dealing directly with the client is possible through the onsite team, limiting the possibility of a communication gap. Also the service provider gets a better picture of the client’s needs.
- **24/7 Productivity:** Round the clock continuous work cycle becomes possible by making the best possible use of the time-zone differences.
- **Best Resources:** Client can have access to the best technology, skilled manpower and equipment possible through access to the offshore development center.
- **Great Cost Benefits:** Cost savings resulting from majority of the work being outsourced to the offshore development center where the resources are comparatively less expensive.
- **Resource Management:** Usage efficiency of resources is highest with this model.

The management and administration costs involved in maintaining both the onsite and offshore teams may inhibit many service providers from going for the Onsite/Offshore (Hybrid) Delivery Model. Also cultural differences between the onsite team and offsite team need to be managed effectively to get the best results.

**Offsite/Offshore (Hybrid) Model**

The Offsite/Offshore (Hybrid) Delivery Model is also one of the most successful and popular outsourcing models employed today. In this model the service provider will have their team within easy traveling distance to client’s premises and the job will be distributed between this offsite center and an offshore development center located in a different country.
The offsite center will act as the mediator between the client and the offshore development center. The task undertaken by each of the teams depends on the type of work as well as on the facilities available in each of the centers and the facilities required to complete the task. Usually, the offsite team handles 20-30% of the total work and the offshore team manages the rest.

**Tasks accomplished by the offsite team:**
- Collecting initial information from the client and analyzing the collected specifications of the project.
- Planning and initial design of project.
- Communicating the complete specifications to the offshore center to ensure clarity.
- Interacting with the client on a regular basis. Ensuring on-time delivery.
- Helping the client in implementation and maintenance.

**Tasks accomplished at the offshore development center:**
- Thorough and comprehensive design.
- Successful development of the project as per the specifications and project plan.
- Testing before handing completed solution over to offsite team.
- Providing technical and operational support.

The Offsite/Offshore (Hybrid) Delivery Model is preferred where the clients want to outsource to a service provider located near them to retain a level of control on the development process while still benefiting from offshore outsourcing. Changes in client’s requirements, if any, can be communicated better to the service provider because of the client’s proximity with the offsite center.

In software development cases where the Offsite/Offshore (Hybrid) Delivery Model is used, the offsite team does all the requirement analysis and hands over the specifications to the offshore development center wherein the development and testing of software is done. The software is then handed over to the offsite center, which then implements it at the client’s site.

The advantages of Offsite/Offshore (Hybrid) Delivery Model are:

- **Quick Response**: Responsiveness to changes in client’s requirements is faster because of the offsite center.
- **Offshore Advantages**: Client gets all the cost advantages of offshore delivery model.
- **Project control**: The client retains sufficient control on the development process.

The management and administration costs involved in maintaining both the centers may inhibit many service providers from going for the Offsite/Offshore (Hybrid) Delivery Model. Also the cultural differences arising from the geographical differences between the offsite center and offshore center need to be managed effectively.