The STS Approach to Maximizing Value through "Near Shoring"

Maximizing value to our clients in today's business environment requires that we deliver services through an effective mix of geographically distributed resources. To that end, STS determines the most cost-effective delivery solution for each engagement and manages physically distributed team members through a network of project managers and team leads. Factors that STS considers in choosing the optimal solution for a given client or project include the need for expertise in specific application domains, labor costs, socio-cultural-language issues, level of direct management attention required, time zones, intellectual property laws and business risk. More and more we are finding that STS's resources in economically challenged areas of the US (e.g. Detroit and Syracuse) and less developed areas of Canada (e.g. Fredericton, New Brunswick) have become a differential advantage to us in meeting the needs of our clients.

STS's "near shoring" approach achieves the lower labor costs that companies have been seeking through "off shoring" to India and other distant countries but overcomes many of the issues that have frequently offset the value equation. Some of the advantages that STS clients have reaped from our near shoring approach include:

Compatible time zones: Large time zone differences can cause challenges in work day coordination between onshore and offshore team members. Using resources in the US and/or Canada allows staff in all locations to overlap working hours during the normal business day.

No language barrier: Lack of good communication skills can make interactions between onshore and offshore team members difficult. Using people whose native language is English offers obvious advantages in project communication.

Easy travel in both directions: When face to face communication is required, not having to travel half way around the world keeps costs down and allows project member to get together more quickly and more often.

Better Intellectual property protection: In some countries used for off shoring (India in particular), US companies have insufficient legal recourse to address possible data and intellectual property abuses; this results in the need for extra effort and cost to protect assets and confidentiality. US and Canadian laws are similar and offer much more protection against mishandling proprietary data. This could save substantial costs associated with "data masking" (disguising sensitive data) that would otherwise be required using offshore resources.

<u>Staff stability</u>: Fast-growing job markets in India are resulting in high staff turn over and team discontinuities. STS has experienced more stable staffing situations with respect to its remote resources in the US and Canada than the current industry benchmarks in India.

<u>Domain Knowledge</u>: STS has had favorable experience in being able to meet the need for specific industry, application, and technology using its near shoring resources. Furthermore, STS experience in setting up, staffing, and managing near shoring resource centers can be leveraged in bringing specialized talent to engagements as needed in the future.

<u>Staff quality</u>: Resumes with inaccuracies and over bloated credentials appear to be common in some countries used for off shoring. STS has had favorable results in being able to recruit credentialed consultants with substantial levels of training and legitimate professional experience using its US and Canadian resources.

<u>Socio-cultural issues</u>: Differences in social status and gender biases can hinder team work and communication in some off-shoring situations. These are less significant issues in the US and Canada.

STS's Near Shoring approach has helped us to provide optimal solutions for both software development and testing/QA engagements. Our near shore development engagements have included providing teams of people whose specialties include Java, (including J2EE, EJB development), .Net, and Oracle. STS's testing/QA engagements have included functional testing, load/performance testing, and test automation.

In summary, STS makes use of near shore resources as part of meeting our clients' needs and objectives. Our resources in economically challenged areas of the US (e.g. Detroit and Syracuse) and less developed areas of Canada (e.g. Fredericton) have become a differential advantage to us in providing our clients with high value, cost-effective solutions that achieve the benefits sought by off shore solutions while mitigating the risks.