

KMG Methodology  
for Outsourcing of  
WINS Maintenance  
Support



KEY MANAGEMENT GROUP, INC.

The Competent People

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# 1 INTRODUCTION

With the advent of outsourcing and offshoring, many application development, maintenance, support, business activity processing and testing activities are being moved to vendors that are experts in such activities.



*For an outsourcing partnership to be successful, a seamless and smooth teamwork environment between the outsourcer and the vendor is very important and critical. For the vendor to hit the ground running in support and maintenance of the client's systems, both the client and the vendor have much at risk.*

This document is a formal documentation of the processes used by KMG for starting and engaging maintenance and support for the WINS application for a client and transitioning of activities from the client's staff to the vendor's staff. These processes have been repeatedly used successfully during the past many years at KMG.

At this time, more than 50 people are working on various WINS projects that have been started and transitioned using this methodology. The processes

have been based on the combined past experiences of the senior managers at KMG. Each failure & success has been used to learn and to further refine these processes.

The processes mentioned in this document are generic in nature, built collectively based on KMG's experiences in various circumstances and environments.

KMG is flexible about these processes and these can be tailored to the client's environment. Needless to say, KMG is open to refining the suggested methodology or integrating processes that the client has implemented successfully in the past.

In today's technological advancement, many onsite activities can be replaced by having remote meeting sessions with the vendor managers, team leads and other staff. This is done with the client providing the know-how from their location and the vendor staff accessing the sessions remotely from their offshore center. The client needs to dedicate time and resources with extensive planning to make such sessions successful.



## 2 ABOUT KMG

KMG was established in US in 1990 and is among Top 100 outsourcing companies in US. It is listed in the top 100 outsourcing companies in the world, top 10 fastest growing Indian-owned companies in the US & among top 50 software companies in India. It has a Dun & Bradstreet rating of “Good- 2A1”.



KMG provides software development and maintenance solutions mainly for Insurance domain. The main emphasis is on the P&C Insurance sector in US. Almost 75% of its revenue comes from maintenance of legacy applications. It is also quite capable for developing applications from scratch using the latest state-of-art technologies & architectures (Including SOA). Once again, most of the development work is centered around the Insurance vertical.

KMG has a large pool of Business Analysts with exposure to all lines & facets of the Insurance industry. This group helps us retain the knowledge & bridge the gaps between the end-users & the development teams.

KMG’s onsite-offshore model and industry expertise enables the company to enter into long-term, mutually beneficial strategic partnerships with many Fortune 500 companies. Unlike most other Indian-based software services firms, KMG maintains a large development team in the US. This team is used to interact with the client & provide a longer overlap to the users.

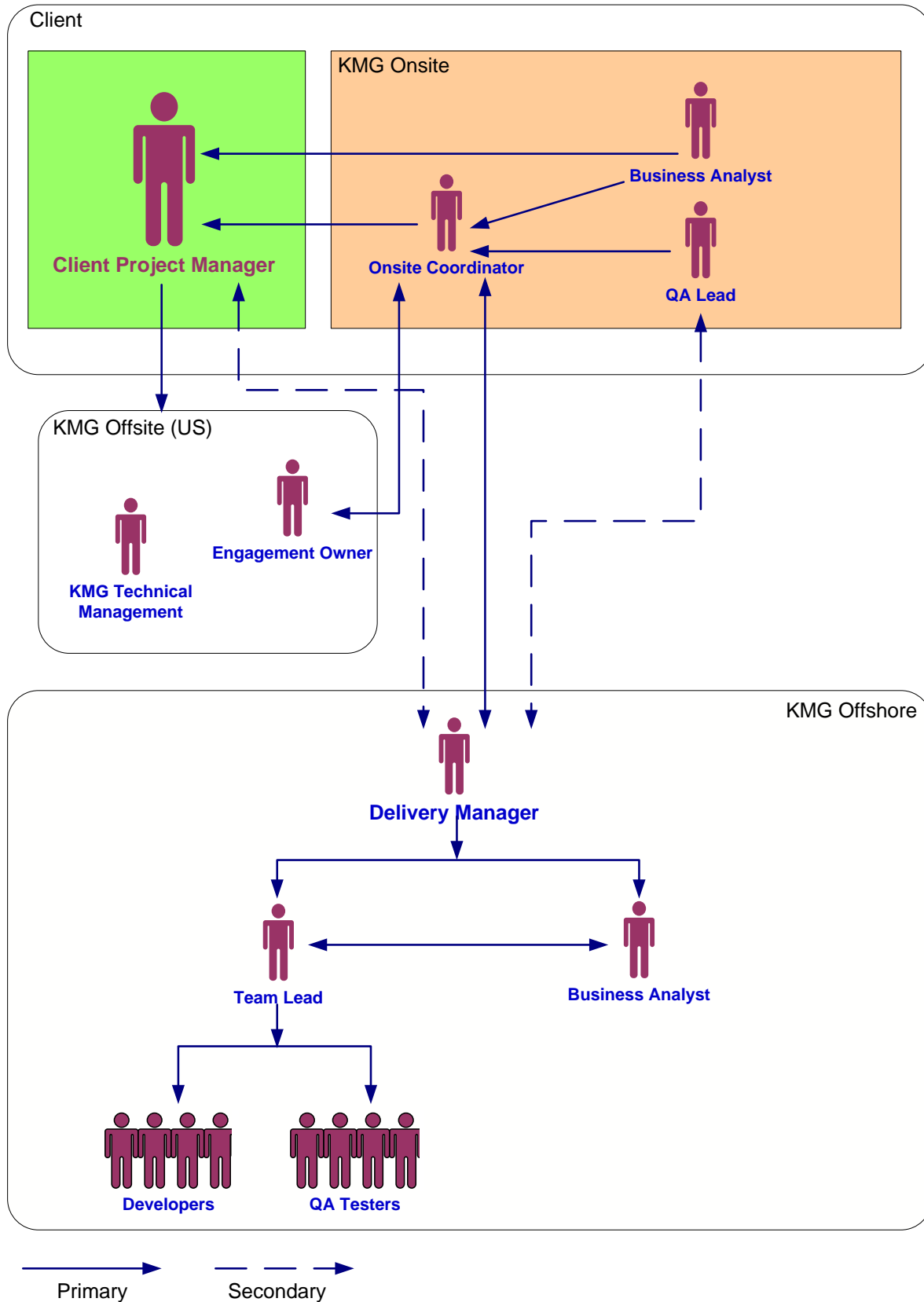
KMG has its headquarters in NY with 4 Offshore Development Centers in India (Bangalore, Delhi, Chandigarh and Kolkata).

The offshore entity was established in 2000 and has grown at a very high rate over the last eight years. At this time, KMG has around 100 professionals in the US who are supported by another 400 in India. KMG has resource expertise that covers Microsoft.NET technologies, J2EE, Mainframe, IBM iSeries (AS/400) and Software Testing.

KMG is building a 600-seat state-of-art development center near Chandigarh (Mohali). This center will also house a large training center for providing training to in-house / external resources on legacy systems. The center will be fully operational by end of 2010.



### 3 ENGAGEMENT MODEL





## 4 KMG'S METHODOLOGY

KMG uses the following 3-step methodology to start and transition maintenance and support of WINS to our offshore team.

01	<b>Initiation</b>		
	Define Scope of Engagement	Define Processes & Communication Protocols	Team Setup
02	<b>Transition</b>		
	Application and Tools Assessment	Study Relationships and Dependencies	Workflow Setup
03	<b>Steady-state</b>		
	Coding / Deliveries	Monitoring & Performance Reporting	Communication & Feedback

Onsite or Remote Meeting	Offshore Activity
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### 4.1 INITIATION

#### 4.1.1 ENGAGEMENT DEFINITION

**Location:** Onsite or Remote Meeting (One-on-one meeting)

**Participants.**

1. Client
  - a. Liaison / End-user
2. KMG
  - a. Engagement Owner / Senior Managers

**Output:** Internal document for Project Manager & HR

**Activity Details.**

- The objective is to define the scope of the engagement.
- KMG's Engagement owner holds meetings with the client's point person to understand the project coverage, business domain, technologies involved, team size, key people involved, expectations of the end-users and the expected time-lines.
- This preliminary discussion helps the KMG team to size the project & the complexities involved.



#### 4.1.2 PROCESS DEFINITION

**Location:** Onsite

**Participants**

1. Client
  - a. Liaison
2. KMG
  - a. Engagement Owner (US)
  - b. Project Manager (Offshore)

**Output:** SLA's & metrics, Report formats & frequency, Communication protocol, Escalation path

**Activity Details.**

KMG has its own processes, SLA's (See Annexure - "Sample SLA's") & status reporting protocols (See Annexure - "Sample Reports"). However, it is assumed the clients may want to either refine KMG's processes or expect KMG to follow its own processes. This step involves discussions where the client reviews the processes and refines, as required.

KMG has a set of SLA's & performance metrics that are measured as a matter of routine. Client has the option of defining new ones or picking from the list KMG uses. Once the SLA's are finalized, the allowed ranges are attached to each of them (Say, Average time taken per ticket to be less than 5 hours OR the Average age of the open tickets to be less than 3 days). The reporting frequency of the measure is also decided.

**Communication And Escalation**

The communication & escalation protocols are also defined at this stage.

- KMG believes that most projects fail because of lack of communication & transparency and therefore, a lot of importance is given to communication.
- Most formal communication is over emails & phone calls. All discussions over phone are recorded in a minutes-of-meeting format and conveyed to all involved.
- Weekly conference calls between the involved parties are highly recommended.
- Monthly "In-person" meetings between the Engagement Owner, Onsite coordinator, Client's Liaison, the Client Project Manager & the KMG Project Manager (on phone) are also recommended.
- The usual escalation path is Client's Project Manager > Onsite Coordinator > Offshore Project Manager > Engagement Owner > VP Technology. However, as the Engagement Owner may be based in US, while the PM is in India, the Engagement Owner can be contacted at any point.

**Work Hours**

- The KMG teams work various shifts (The most common being the 9 AM to 6 PM India time (11:30 PM to 9 AM EDT)). Depending on the client/project needs, the teams work till around 10:30 PM India time (1 PM EDT).
- The work-hours for the team will be fixed after discussions with the client.
- KMG also provides 24/7 support services for production support work, running/monitoring jobs etc. In case the project requires such services, the scope of work & the work-hours will be fixed during these discussions.





- The holiday schedule at the KMG India offices will be notified to the client at the start of the year.
- The vacation schedule of the team members will also be notified well in advance.

#### 4.1.3 TEAM SETUP

**Location:** Offshore

**Participants**

1. KMG
  - a. Project Manager (Offshore)
  - b. Resource Manager (Offshore)
  - c. HR/Recruitment Cell (Offshore)

**Output:** List of team-members

**Activity Details.**

Once the project has been scoped & process laid down, the team requirements are sent to the resource manager in India.

**Team Composition.**

A standard project team consists of the following:

1. Project Manager
  2. Team Lead (Backup PM)
  3. Senior Developers (As required)
  4. Junior Developers (As required)
  5. Backup developers (10-20% of the team size depending on the project size)
  6. Business Analyst (At least one)
  7. QA person (At least one)
- All projects are overseen by the Engagement Owner (Normally an AVP/VP of the company).
  - The backup developers continuously shadow the main team members. They are as good as any other developer in the team and can take over from anyone at a day's notice. The backups are used in cases of attrition as well handling spikes in the load (if any). They also make sure that the work is not disrupted if any member goes on vacation. A fresh person is added to the team as backup the day any backup is absorbed into the team
  - The PM and the Team Lead have interchangeable skills and act as backups for each other.
  - The onsite coordinator formally reports to the KMG PM in India. He is also expected to brief the engagement owner on a regular basis. His vacation is, however, approved by the client PM and not the KMG PM. KMG plans to use a senior BA for the role of onsite coordinator (A technical person can used if required by the client).
  - The tester / QA resource is assigned to the team by the QA group at the start of the project. All the QA people in KMG have at least some exposure to Insurance related applications and are equally comfortable with manual testing & automated tools.



***Resourcing.***

- KMG always has the bench-strength to take on work in WINS and we have standing resources to start at 2 week's notice.
- In case KMG does not have internal resources to meet the requirement, a recruitment request is generated. The external resources normally take about 45-60 days to start on the project. The recruitment is vetted by the HR personnel as well as the engagement owner/manager (depending on the project).
- As most of the projects handled by KMG are long-term, a parallel exercise is initiated for training the junior developers (taken from a common pool) on these technologies. These people are usually trained for a period of 4-6 months before being assigned to the team as trainees. They are formally designated as backups after spending about 6 months as trainees in the team.
- Once the initial team is in place & the engagement reaches a steady state, KMG requests that it be given resource requirement projections on a quarterly basis so that the resources can be planned for.



## 4.2 TRANSITION

### 4.2.1 TOOLS AND APPLICATION ASSESSMENT

**Location:** Onsite and Remote Sessions

**Participants**

1. Client
  - a. Project Manager
  - b. Existing Developers
2. KMG
  - a. Project Manager (Offshore)
  - b. Onsite Coordinator
  - c. Developers
  - d. BA
  - e. QA Lead

**Output:** List of Tools, Application Maintenance process and methods

**Activity Details**

To learn the client's Tools and WINS Maintenance processes, KMG uses the following model.

- KMG's PM and/or Onsite Coordinator visits the client's office in the US to understand the system(s) and the maintenance and support requirements.
- The onsite coordinator stays back, while the PM returns to the offshore facility.
- KMG requires that a business analyst & the QA lead be involved with the team right from this stage. This is the only way that the knowledge can be properly transferred to the KMG team. The BAs at KMG have a lot of exposure to the various facets of the domain and form a bridge between the client & the developers.
- This model allows the projects to start much quickly as each batch takes back some module / project and can start working. It works perfectly if the team has to be ramped up over time.
- KMG resources normally log on to the client's system using a secured VPN connection. While some clients allow direct connection from India, some prefer to limit the IPs to those from the KMG US network.

**Training of Onsite Coordinator**

- The objective of this training is to ensure he/she understands the business domain, historical perspective of the project, future directions / visions, types of issues that may come up, how to prioritize the issues and the SLA-related expectations.
- He/she also needs to understand the various personalities involved. Very important to understand is the various external entities that touch WINS. Working with the client's Technical PM, the onsite coordinator will understand the various nuances of maintaining WINS.
- This person may also be expected to take on some of the actual coding work at times. However, his/her main role is to manage the WINS maintenance activities between the client's team & the offshore KMG team.



- In case the project involves major enhancements / new development, this person is expected to write the specifications for the offshore team. Therefore, this person should be able to elicit the requirements & properly document them.
- This training is a continuous process. The coordinator works very closely with the client's PM and takes on more & more responsibilities related to the offshore work over time.

#### 4.2.2 WORKFLOW SETUP

**Location:** Offshore

**Participants**

1. Client
  - a. Project Manager
2. KMG
  - a. Project Manager (Offshore)
  - b. Onsite Coordinator

**Output:** Workflow process

**Activity Details**

- The two PMs and Onsite Coordinator will decide on a workflow on how the various WINS Maintenance tasks are to be executed.
- At the various stages of WINS maintenance, roles and duties will be assigned and expectations set.
- Reporting and Communication protocols will be implemented.
- Clearing understanding of rights and responsibilities will be made.
- Nature and differentiation between maintenance tickets vs. enhancement tickets is decided.
- Workflow and responsibilities for maintenance tickets vs. enhancement tickets will be implemented.



## 4.3 STEADY-STATE

### 4.3.1 CODING & DELIVERIES

All work to the KMG team is funneled through the onsite coordinator. KMG normally classifies the work into tickets and projects/enhancements.

- Anything that requires an effort below a defined threshold level (Say 100 hours) is classified as a ticket and does not require any clearance from the client.
- Anything requiring above this effort is classified as a project and requires a formal specs / design / effort sign-off before it is started.

### MAINTENANCE TICKETS

Most of the work is expected to flow in the form of tickets.

- All tickets are to be assigned to the onsite coordinator. This person then assigns the work to the offshore team. The promotion moves (Or the requests for the move) to the QA / Production environments are initiated by the onsite coordinator. All queries from offshore are also fielded by this person.
- Once the work (tickets/projects) moves offshore, it is handled by the offshore PM. The final responsibility of the delivery lies with the PM. All reporting (status / SLA performance) will be the duty of the PM.

KMG will always maintain an offshore backup for a PM (due to the critical nature of the role) and will be able to provide a replacement onsite within 2-3 weeks (If required).

### ENHANCEMENT PROJECTS

In case the change is classified as a project (which requires a substantial effort), the following steps are taken:

- The onsite person will have detailed discussions on the scope, document the specs and send them to the offshore PM for effort estimations (after getting the specs approved from the client).
- The effort estimates are prepared by the Offshore PM and will need to be vetted by the client and approved.
- A formal delivery plan will also be approved by the client.
- A detailed approach document / high-level design will be prepared by the coordinator and the Offshore team will work based on that.
- These projects will be tracked based on the approved effort & delivery schedules.
- The effort for these projects may or may not be a part of the overall FTE billing. It will be decided when the project is signed off by the client.
- If the project can not be handled by the existing team (without hampering the ticket-based SLAs), additional resources may be assigned and the billing may be on fixed fee, FTE or T&M basis.
- In any case, the resources / time spent on the project will not be a part of the SLA data.

KMG will require quarterly load projection to plan for the resources. However, it will be possible to ramp up the team at any time by using the backups.



#### 4.3.2 MONITORING

The performance measures agreed upon during the project initiation are measured at the agreed frequency and reported on a weekly/monthly basis by the PM in India.

- A daily status giving the number of open tickets / tickets closed that day / issues envisaged is also sent by the PM.
- The formats used by KMG for the daily/weekly/monthly status are discussed with the client and finalized before usage.
- The monthly status also contains the changes to the team, if any (during the month / projected during the next month).
- In addition to the quantitative measures, KMG also relies on qualitative feedback from the client to judge the performance of the team. The project owner / manager talk to / contact over email the key client personnel on a monthly basis and obtain feedback on various members of the team / projects delivered / quality etc. This feedback is used internally to initiate corrective measures.

#### 4.3.3 COMMUNICATION

The following communication protocols will be used,

1. Status reports,
  - a. Daily status summary may be sent to the client PM / client team members
  - b. Weekly status summary maybe sent by the Offshore PM to the onsite coordinator
  - c. Weekly performance report with SLA performance, work completed, work planned for next week, Issues envisaged (if any) sent to the client PM
  - d. Monthly performance report with SLA performance, Status of open tickets / projects, changes to the team (If any) sent to client PM & senior management (If required)
2. Conference calls,
  - a. Weekly calls between the KMG PM, Onsite Coordinator & the Client PM (Agenda : Open)
  - b. Monthly calls between KMG Engagement owner, KMG PM, Onsite Coordinator, Client PM & the Client Liaison (Agenda : Open issues, things that do not seem to be in control)
3. Meetings,
  - a. Monthly meetings between the engagement owner & the client liaison (Agenda : Process related issues, Team performance, User satisfaction levels, team changes, workload)
  - b. Quarterly visits by the KMG PM / Engagement Owner to the client site to meet the client PM / other key people (Agenda : Review of performance, Resource / project projections for the next quarter, areas of improvement, changes in priorities and workload)



## 5 RISK MITIGATION

### 5.1 ATTRITION

The primary risk associated with off-shoring any project is attrition.

It is a well known fact that the attrition levels in India (in the IT field) are considerably higher than in the US. The attrition figures are even higher for support projects on legacy technologies.

KMG is well aware of this risk and tries to mitigate this at multiple levels. It has a proven record in maintaining applications on multiple legacy technologies.

1. **“Maintenance Projects” as a culture:** KMG’s core expertise is application maintenance. This is fact of life for all KMG employees. The policies of the HR group are continuously refined to keep the focus on such resources (Recruitment / appraisals / trainings).
2. **Insurance experts:** While the resources at KMG have to work on both legacy and modern technologies, they attain the distinction of working for the Insurance industry. This lure of building the industry knowledge out-weighs the motivation of working with the latest technology.
3. **Higher than market salaries:** The salaries offered by KMG are at par with the best (If not higher) in the market. There is very little motivation of joining some other company.
4. **US trips as motivational tool:** As these resources work for overseas clients & the continuous training is anyway a very good tool for building the knowledge of these resources, KMG brings over these resources to US as much as possible. Almost every person gets to come to US periodically (The good ones more than the others).
5. **Backup resources:** Even though the motivation techniques & culture help a lot, attrition is a hard reality. KMG implants shadow resources in all teams. These resources continuously shadow the others and can be promoted as a team member at a day’s notice.
6. **Documentation of issues:** KMG initiates an issue record from the date it takes over a project. All tickets & their solutions are listed in this document. Over time, this information helps in building a documented knowledge bank of the typical issues faced & their solution. This helps ensuring that the knowledge is not limited by people but is available to everyone in the team. This lowered dependency on individual leads to easier transition to the new resources. The documentation is also used for identifying recurring issues and undertaking a root-cause analysis (where possible). It also makes the resolution of issues a little faster.

### 5.2 AVAILABILITY OF TRAINED RESOURCES

KMG has a training model wherein fresh graduates are hired from the leading engineering colleges of India. These individuals are then trained using class-room sessions / apprentice models. This provides a continuous inflow of fresh talent for WINS.

The hiring policies at KMG are very aggressive. For WINS, the resources are hired at higher than market salaries & performance bonuses. These people form the core of the teams managed by hard-core long-standing KMG managers. The freshers & the re-trained resources supplement the teams.



### 5.3 VISA ISSUES

United States allows foreign workers with only L1/H1B/Green card holders to work in the country. B1 visa is a short-term visa used for short visits primarily for requirements analysis, client meetings and project initiations.

- KMG uses a mix of visas to handle the onsite requirements. It has a pool of visa ready resources across technologies (B1/H1/L1/GC) that can be tapped as per the requirement. This works very well for WINS resources.
- KMG has a good standing with the US immigration offices in India and faces no issues in obtaining the visas. The elapsed time is the only problem here.
- Once the team is setup, KMG starts working on building the pool of visa-ready resources. With many WINS resources working in KMG for a long time, it takes a short time of 2-3 months to get the resources visa ready.
- KMG prefers to use re-trained resources / managers / BAs for initiating the project. After exhausting the internal WINS resources, the ramp-up is handled using external recruits.

### 5.4 QUALITY ASSURANCE

KMG takes pride in the quality of the work delivered by it.

The quality is ensured using the following,

1. Adherence to WINS coding standards
2. Code reviews (100% peer review by other developers in the same team. Random audit reviews by members from another team). All code review issues reported to the Project Owner directly
3. Functional testing (Unit / integration / regression) by experienced testers. All deliveries also tested by the onsite Coordinator. The regression testing can be handled only to a extent the access to scripts allowed by the client

### 5.5 WORK-HOURS

Off-shoring poses the challenge of people not being always available. This becomes a key issue when the client's team has been located at a single-location and has evolved informal processes for communicating.

KMG provides flexible work-hours so that the overlap is maximized. A 3-4 hour overlap has been proven to work well in the past.

Indian offices are closed for 12 days in the year. Of these, 5 days are mandated by government and the offices cannot be opened. Three others are major festivals. The team is flexible in working for the other four days, if required. The vacation calendar is shared with the client at the beginning of the year and can be tailored to suit the project requirements.





## 5.6 COMMUNICATION TASKS

As mentioned earlier, KMG believes that projects fail when communication breaks down. The success hinges on how well the communication process works.

KMG maintains a 100% transparent policy. Anything that goes wrong or is expected to go wrong is communicated to the client. It includes suspected attrition, delays in deliveries or any other possible issues that are envisaged.

The communication is not limited to the team members or PMs. There are two other levels of communication that help build the confidence levels,

1. Senior management meetings / calls: The KMG project owner initiates calls every now & then to get a feel of the situation & underlying issues. Quarterly onsite meetings are scheduled to review the performance & discuss the projections for the next quarter
2. Informal communication between team members from KMG & the client: Everyone is encouraged to keep in touch with their mentors in the US. They are advised to take the relationship beyond the project work. This lowers the culture / client-vendor barriers and helps the project hugely

KMG's entire philosophy can be summarized as below,

- Build a seamless client-KMG team
- Over-emphasize on transparent communication
- Be paranoid about quality
- Be prepared for the worst situations & do not take attrition risks lightly

## 6 PROJECTS ARTIFACTS

The following will be finalized during the project initiation phase:

1. SLA Agreement
2. Report formats & recipients,
  - a. Daily, Weekly, Monthly
3. Communication protocol
4. Escalation protocol
5. Finalization of division of roles between the onsite coordinator & the KMG PM.
6. Finalization of resource assigned as the onsite coordinator for the project
7. Connectivity & environment requirements
8. Work hours & holiday schedule of the offshore team
9. Workflow Setup
10. Resource requirement (for the first two quarters of the assignment)



## 7 PROPOSED TIMELINES

Broad Roles (can be customized based on size, duration and type of engagement)

- KMG: EO (Engagement owner), PM (Project manager), OC (Onsite coordinator), BA (Business analyst), QA (tester), DEV (Developers), HR (HR Group)
- Client: CLI (Client Liaison), PM (Project Manager), DEV (Developers)

Week #	Activity	Objective/Output/Artifacts	Location	KMG	Client
01-02	Initiation: Scope definition	Scope document (Internal)	Onsite	EO	CLI, PM
03	Initiation: Process definition	SLA's, Report formats & frequencies, Communication protocol, Escalation protocol, Working hours	Onsite	EO	CLI, PM
04-06	Initiation: Team setup	Identification of OC & PM, Recruitment of other team members	Offshore	EO VP Tech HR	--
05-06	Transition: Training	Training of OC, PM, BA  Application and Tools Assessment	Onsite	OC, PM, BA, DEV	PM, DEV
07	Transition: Setup	Workflow setup	Offshore	PM, OC	PM
08 onwards	Steady-state	Coding and Delivery of Work  Daily, Weekly, Monthly status Conference calls Monthly, Quarterly meetings	Offshore	OC, PM, BA DEV, QA	PM