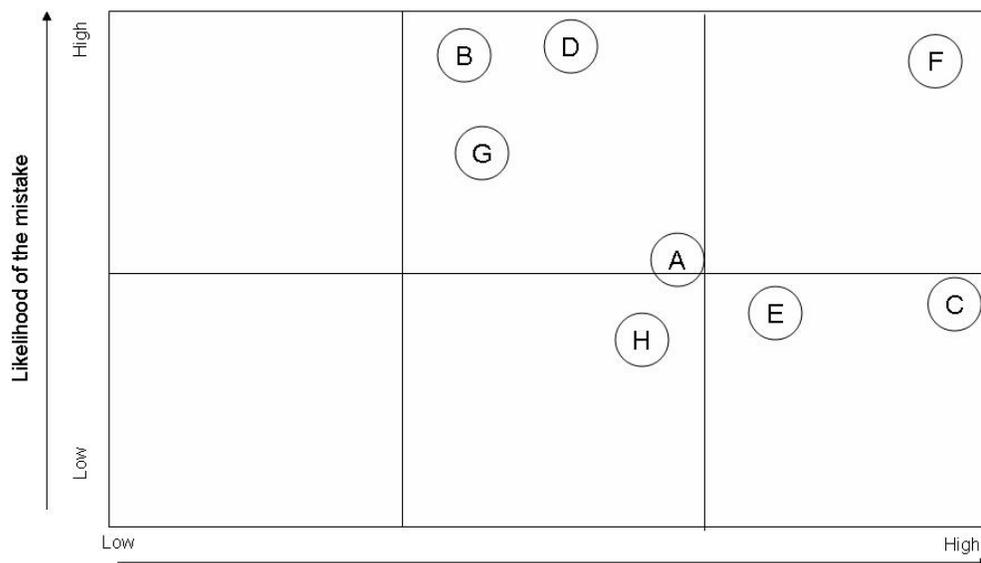




A. Return on Your Offshore Investment: Statistics

- ❖ In a 2007 study by Deloitte and Touche, major cultural differences was listed as one of the top three challenges in working with Indian providers.
- ❖ Although offshoring is used as a cost savings measure, many companies are unaware of its hidden costs. According a study by CIO Magazine, the failed communication and lags in productivity caused by cultural differences can account for up to 27% additional costs if not addressed.
- ❖ A study cited in CIO magazine concluded that in the beginning of an offshore project, productivity can drop up to 20% due to cultural differences if unaddressed.
- ❖ Relationship management was found to be one of the key success factors in offshore projects, but a study by Let's Bridge IT concluded that only about 20% of companies actively engage in that process
- ❖ A 2007 study by Transnational Management Associates concluded that the cultural difference of relationship vs. task between India and the U.S. directly impacted their clients' ability to coordinate team efforts.
- ❖ A 2006 study by Accenture concluded that cross-cultural communication remains one of the top issues that can interfere with global business. When asked to identify the chief factors causing problems between onshore and offshore workers, the largest percentage of executives cited differing communication styles (76%)
- ❖ An article from Global Services in March of 2009 cited "failure to develop an effective communication program" as the most likely and severe mistake to be made in an outsourcing operation. (Link: <http://www.globalservicesmedia.com/Content/general200903096124.asp>)



- | | |
|---|--|
| A Poor Governance | E Outsourcing high touch activities |
| B Focus on the cost savings- Short sightedness | F Failure to develop an effective communication program |
| C Improper evaluation of vendors | G Poor cultural fit – compatibility of parties |
| D Lack of preparation/Viewing outsourcing as an instant solution | H Improper defining of Metrics and SLAs |

- ❖ A **2011 study by Vantage Partners**, a firm that provides negotiation training and other consulting services, concluded that culture represents the most significant barrier in offshoring deals, with 90% of respondents reporting that cultural differences pose at least some challenges. The study confirmed that cultural differences can prevent both parties from achieving the full value of their offshore arrangement: 64% of respondents say the impact of cultural differences is greater than 10% of the annual contract value, and **35% say the impact is more than 20%**.
- ❖ According to industry experts, **half of all outsourcing ventures fail**, and while cultural differences alone do not cause these failures, they are quite often a major contributing factor. Those ventures that do succeed often do so *in spite* of cultural differences. How much better these ventures would be if **cultural problems could be identified** and addressed at the outset? – *Craig Storti, founder and Director of Communicating Across Cultures and author of six books on the subject of crossing borders*

B. Survey Results

We asked our clients to rate areas that were positively impacted by our services. Please note that some client names are kept confidential upon request.

Ceridian Corporation

Participants were asked to respond to the following survey question:

Please mark the areas where you have seen positive results and changes in your team, employees, colleagues, etc. since attending Highroad offshore initiatives.

Participant responses:

- ✓ Decreased errors: 66.7%
- ✓ Increased communication flow: 66.7%
- ✓ Improved relationships: 100.0%
- ✓ Improved time management: 33%
- ✓ Decreased conflict: 66.7%²
- ✓ Improved productivity: 66.7%
- ✓ Increased cooperation, trust and teamwork: 33.3%

Participant comments on fill-in survey questions:

- ✓ "Being able to communicate easier with the offshore counterparts has made creating PO's and outstanding issues easier to work through."
- ✓ "We work more effectively together, our weekly meetings are more productive."
- ✓ "More time is spent on clarifying and confirming requirements (more patience) up front and fewer misunderstandings, frustration, and lost time when it is too late. Can't quantify but the difference is noticeable."

Client "X"

Participants were asked to respond to the following survey question:

Please mark the areas where you have seen positive results and changes in your team, employees, colleagues, etc. since attending Highroad offshore initiatives.

Participant responses:

- ✓ Decreased errors: 66.7%
- ✓ Increased communication flow: 100.0%
- ✓ Improved relationships: 66.7%
- ✓ Improved work processes: 33.3%
- ✓ Improved time management: 66.7%
- ✓ Decreased conflict: 66.7%
- ✓ Improved productivity: 66.7%
- ✓ Increased cooperation, trust and teamwork: 33.3%

Participant comments on fill-in survey questions:

- ✓ "Meetings are much more successful and time management has been greatly improved."
- ✓ "My observation is that attitudes in the US have improved somewhat as there is a better understanding of what we can do on our end to facilitate better communication."
- ✓ "I saw a dramatic change in behavior when I took a personal interest into my employees backgrounds, especially where it concerned their cultural identity."
- ✓ "The time wasted on miscommunication is largely reduced and we could focus more on actually getting the job done."

Icon PLC

Following a training course on Indian business culture with Highroad Global Services, participants were surveyed.

100% of participants responded that the course would help them perform their job more effectively.

In a follow up survey six months after the training, respondents reported the following results:

- ✓ Increased communication flow: 100.0%
- ✓ Improved relationships: 66.7%
- ✓ Increased cooperation, trust and teamwork: 50%

Sample participant comments on fill-in survey questions:

- ✓ "Get ready to absorb things about India you never knew, and will never, ever find on Google! I have a lot of takeaways from today's session. My team is ready for additional responsibilities and with that will naturally come challenges and mistakes. This session showed me how to effectively communicate so that we continue as a cohesive, integrated team."
- ✓ "I will think a lot more when providing constructive feedback to my colleagues in India. From this training today I look forward to working with my Indian colleagues and also feel a lot more confident in doing so."

- ✓ "I have never had a training session with India go over time and last night we went 20 minutes over because there was so much participation! I am amazed to see that all the things you taught us made such a difference in just one attempt! They laughed, they asked questions, and they participated in discussions. Thank you so much for your help and continuous support!"
- ✓ "Both groups realized the importance of communication and the best tools for it. The increased communication has led to less confusion."
- ✓ "Training classes are much more beneficial and impactful since participation and communication has increased dramatically."

Whether you are new to offshoring or looking to create better results and collaboration with your existing team in India, Highroad Global Services can help.

Visit us at www.highroaders.com or call 770-936-9209.