

OUTSOURCING IT AND DEVELOPMENT TO THE PHILIPPINES

A STEP-BY-STEP OUTSOURCING GUIDE FOR BUSINESS & HR LEADERS

www.yempo-solutions.com

You'd like to grow your IT business? Or perhaps you're running another kind of business, but resourcing IT and development skills takes up too much of your time and budget?

Our definitive guide explains how outsourcing your IT and Development staffing requirements to the Philippines can boost growth, streamline processes, and save costs. You'll know how to evaluate potential outsourcing partners and select the best staff for your organization.

Why outsource IT and Development staff?

You'd like to take advantage of demand in your local market? But finding the right talent is an issue? Australia's tech talent shortage is particularly acute because its tech sector is growing twice as fast as the overall Australian economy (source: Tech Council of Australia 2023).

"We wanted to find local staff but couldn't. Yempo gives us the senior IT expertise that other outsourcers cannot provide" explains Ron Rosenbaum, Director of Yempo client 'The IT Agency'.

TOP 10 MOST IN DEMAND IT JOBS IN 2023 IN AUSTRALIA



- The Tech Council of Australia predicts a shortfall of around 260,000 skilled tech workers by 2025.
- The talent shortage will prevent Australia from becoming a top 10 digital economy by 2030.

By analyzing Clicks' market research, recruitment data, and the Australian Government's jobs and skills data, we have compiled a list of the top ten IT jobs that are in high demand in 2023.

Result? Many of our clients report that they are suffering high turnover rates and rising salary costs within their locally based IT teams.

CEBU ADDRESS

Yempo, Unit KLM, FromHere, Crossroads Mall, Gov. M. Cuenco Ave., Kasambagan, Cebu City 6000

CONTACT

Email: sales@yempo-solutions.com



We commissioned an independent research partner to interview our IT clients to understand how their businesses are addressing these challenges by building offshore teams in the Philippines.

| As a small business we can't afford high churn rates. People like working for Yempo, so when they join, they stay. Excellent English and shared time zones makes working with our Philippines based team very easy. |
|--|
| Yempo gives us complete compliance with local employment legislation. |
| With Yempo you really do build one team. It really is you team in the Philippines as opposed to an outsource arrangement. This is incredibly valuable for team working. It's like working with a local partner even down to paying in AUD |

In addition, they reported that they can:

- Overcome local labour shortages...and continue to grow their businesses.
- Reduce employee turnover...less management time training new employees.
- Free up leadership time for higher value tasks...focus on growth, not processes.
- Reduce costs by up to 70% (vs. local hires)
 ... improved margin and profit.
- Build one global team...English skills, culture and time zones play well for them.

Why doesn't everyone outsource IT & Development staff?

What concerns prevent organizations from benefiting from outsourcing, leading to substantial competitive disadvantage compared to those that do?

We asked our research partner to investigate. This is what our IT and Developer clients expressed as their primary concerns regarding adopting an offshore outsourced model. All very reasonable concerns, we think you'll agree.



In response, we've outlined steps that you can follow to discover your company's ideal IT and Development outsourcing partner. Follow these steps to unlock the significant commercial and operational advantages that collaborating with the right offshore partner can bring to your organisation.

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CONTACT

Email: <u>sales@yempo-solutions.com</u> Phone: US: +1646 693 2318 AU: +612 7200 7528 UK: +44 20 4599 6881 FOLLOW US

Step 1 – How to find IT and Development specialist outsourcers for your initial 'long list'.

Pro tip: Many outsourcing companies initially operated as call centres rather than specialised providers of offshore IT talent. These organisations usually lack access to highly skilled and senior resources and struggle to retain top talent. Therefore, if a provider claims to offer a wide range of skill sets (such as admin, recruitment, engineering, healthcare, etc.), they may not meet your expectations.

The best place to start is by asking around your industry for recommendations and referrals. If this isn't an option for you, then it's time for Google. Aim for 5-7 providers on your long list. Need a shortcut? We'll happily set you up for a chat with some of our IT clients.

Key considerations: Only include providers whose time zones and language skills suit your organisation's requirements. For instance, if you operate an IT company and require additional client-facing personnel, you should ensure that they are in a time zone that aligns with your needs or in a location where 24x7 services are standard.

A great example of a match is Australia and the Philippines. As one of our clients told our researcher

"Excellent English and shared time zones make working with our Philippines-based team very easy".

The Philippines also has ready access to staff willing to work rotating shifts, so your after-hours or US timezone requirements are a good match too.

Step 2 – Create a shortlist by finding IT and Development outsourcers that match your business culture.

Pro tip:

- List what it is about your business that YOUR clients value.
- Identify a shortlist of 3 potential partners that match what you and your clients value.

Your clients choose to work with you because you help them to hit their objectives. To find a suitable offshore partner for your business, aligning with what your clients prioritise is essential. Our advice? Dedicate some time to speak with your clients over the phone to ask these four simple questions:

- What are the key features about your organisation that they value?
- What are the key benefits that your organisation gives them?
- What would they say makes your organisation distinctive vs. competitors?
- Ask them to sell your organisation to you in 30 seconds.

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You'll learn what your clients REALLY value vs. what you think matters. You'll understand your company culture like never before (and have relevant new client quotes for your marketing!). Then, ask your long list of potential outsourcing partners these same four questions.

Compare what your clients value vs. what potential partners have told you. Do they match? Yes? Fab. No? Cut from your long list.

"We have a lot of experience with offshoring, and Yempo is the first company we've found where delivery exceeds what we expected." (Yempo client)

Key Considerations: Michelle, Yempo's CEO, key things to look for in potential partners:



Step 3 – Dig into short-listed providers' financial and operating models to avoid surprises.

Pro tip: 'End-to-end' outsourcing services and 'all-inclusive outsourcing solutions' mean different things to different people. Understand fees, how staff are selected & allocated to clients, technology provision, and management processes (particularly escalation routes to address any issues).

Key considerations:

Pricing should be transparent. For instance, Yempo's clients are informed about the staff's salaries and Yempo's administration fees. While other providers claim to have a transparent model, they often have undisclosed additional costs. Some operators impose recruitment fees, charges for meeting rooms, and fees for events and activities, among other hidden charges. It's a long list. Avoid it.

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Email: <u>sales@yempo-solutions.com</u> Phone[:]



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Ask about staff turnover. We believe you'll agree that continuously hiring and integrating new team members is not conducive to progress, especially for smaller companies. Yempo's employees usually remain with the company for over five years. Why? Because of fair compensation and outstanding working conditions. If the lowest price is your key metric, then you won't get employee loyalty.

"I met with other outsourcers and was not comfortable with the way they treat their staff. Michelle knows everyone by name and her staff warmly greet her. Yempo treats people well so there is a 'fit' with our business" (Yempo client)



Your team members or their staff? Some IT and Development outsourcing companies rotate staff, leading to disruption for clients. Meanwhile, some offer a "bench" model that may not always align with client needs and skill requirements, resulting in resource gaps. Yempo stands out by involving clients in the recruitment process (with guidance), enabling them to select staff who exclusively work for them. This approach enables clients to establish strong relationships and work practices across their local and offshore teams, distinguishing Yempo from other providers.

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"Yempo isn't just an outsourcer. Yempo facilitates adding YOUR team members to your teams. Not BPO, NOT 'select from the bench." (Yempo client).

Meet the person who will be your problem resolution/escalation point. It's not uncommon for there to be a handoff between the people who sell to you and the people who manage your account. However, the true measure of a business partnership is only revealed when issues arise. It's important to mitigate this risk. Our solution at Yempo is for Michelle, our CEO, to be available to all clients. This may sound impractical. Yet, it works. Why? Because problems are few and far between.

Michelle is an Aussie, living and working in the Philippines.

"Michelle is incredibly accessible, and problems get solved fast. She sets a professional and values-driven tone that is always accessible and unique in my experience." (Yempo client)

Check Data security measures meet standards. Avoiding brand damage and legal repercussions from a data breach is essential. It's well worth having your IT and Data Security team/manager document your data security requirements. Do potential IT and Development outsourcing partners meet your security expectations? While this is unlikely to be an issue (as it's a business fundamental for outsourcers) verifying their data security provision is still important.

HR Management Processes. Peace of mind that local HR legislation is understood and complied with is the number one concern of our clients. Ask prospective outsourcing partners about their HR processes. Do they have local HR experts working for them? What stages of the employee lifecycle are covered? Will they help you write job descriptions? With candidate interviews? How do contracts work?

Yempo's HR Director is Riza Tendero, a local HR expert, with decades of outsourcing expertise.



"Yempo provides a seamless, supportive, end-to-end process. The business is unique as some of Yempo's most senior leaders are Filipino which is really helpful." (Yempo client)

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Does Technology (hardware, software, connectivity) meet your expectations? Working across countries requires great tech and internet connectivity. Do make sure that short-listed providers will commit to providing the same level of technology that your in-country employees enjoy. It's well worth checking up-front the IT specs to ensure that your in-country and out of country teams can operate as equals.

Step 4 – Take references.

Pro tip: request to speak to at least three current IT and Development outsourcing clients. Ask them the same four questions that you used in step 2 (amended below). Compare answers to what your clients/you value. Is there a fit?

- What are the key features about the outsourcer that they value?
- What are the key benefits that the outsourcer gives them?
- What would they say makes the organisation distinctive vs. competitors?
- Ask them to sell the organisation to you in 30 seconds.

Key consideration: Communicate with companies of similar size to yours to gauge where they rank in each IT and Development outsourcers' priorities. Will your business get the attention it deserves? Most of Yempo's clients are small and medium-sized enterprises.

"Better skills than we can hire locally; more flexible, multi-skilled talent than we can hire from India. Interviewing, contracting, hitting dates, invoicing...it's all been so easy that we thought there must be a catch!" (Yempo client).

Step 5 – Get cracking! Hire the IT and Development skills you need.

Pro tip: start with a small team, prove the model, and expand.

What are you waiting for? If you've found the right IT and Development outsourcing partner for your organisation, they can now lead you through the hiring process and get you started on a new journey towards enhanced capabilities and lower costs.

"We wanted to find local staff but couldn't. Yempo gives us the senior IT expertise that other outsourcers cannot provide." (Yempo client).

Read more, get started: <u>https://www.yempo-solutions.com/solutions/outsourcing-information-technology-services/</u>

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