Build-Operate-Transfer (BOT) Model

Central Business Solutions, LLC
Overview

- CBS Overview
- BOT Key Driving Trends
- CBS ‘B-O-T’ Model
  - Benefits
  - Issues
  - Cost, Time-line Estimates
- Summary
## CBS Background - Snapshot

### Overview
- IT Solution, Product Development Projects for Global 2000 and Emerging Organizations
- Offices in Fremont, Bhilai, Pune, Bangalore (coming soon)
- Fixed-Price, Fixed-Time Specialists
- Standards-Based Approach
- Commitment to Customer Satisfaction

### Industries
- Financial Services/Insurance
- Publishing/Media and Entertainment
- Telecommunications
- Hi-Technology Manufacturing/Automotive
- Healthcare/Life Sciences/Pharmaceutical
- Energy/Oil and Gas

### Solutions and Services
- Enterprise Portals
- Digital Information Management
- Enterprise Application Integration
- Customer Relationship Management
- Enterprise Infrastructure
- Build Operate Transfer
- SQA & Application Maintenance

### Partners
- Application: MatrixOne, Interwoven, E.piphany, ATG, Siebel Systems, Savvion, BroadVision, Verity, webMethods, TIBCO, Stellent, Vignette, Mercury
- Infrastructure: Sun Microsystems, Microsoft, Oracle, IBM, BEA Systems
Build-Operate-Transfer (BOT): Definition

BOT:

- **Build**
  - Set-up the facility and infrastructure, staff the development center, and establish knowledge transfer

- **Operate**
  - Manage the offshore organization: Program Management, Development, QA, maintenance, enhancements, and product support

- **Transfer**
  - Register a new offshore subsidiary for the customer, transfer assets, and handover operations
BOT Market Drivers

U.S. and European corporations are moving operational components offshore to India and other locations, in many cases developing their own subsidiaries to better support worldwide operations. The benefits:

- Cost savings compared to 3rd party vendor partnerships
- Direct control on hiring and retention
- Ability to retain Intellectual Property Rights

Unfortunately, many are not realizing their business goals, with some even forced to shut down due to execution problems related to unforeseen, ‘in-country’ challenges.

The Build-Operate-Transfer model offers an attractive alternative.
BOT Benefits

- BOT offers attractive business benefits over the traditional offshore subsidiary path, including:
  - Rapid scaling of operations
  - Wider service offerings, quickly filling business model gaps
  - Lower infrastructure set-up costs
  - Reduced time to operations through utilization of knowledgeable 3rd party management resources responsible for:
    - Real Estate
    - Government rules and regulations
    - Cultural transition
    - IT infrastructure procurement
    - Security
    - Etc.
The CBS ‘B – O – T’ Model

‘B’ for Build

- CBS will understand your exact needs for the need for an ODC (Offshore Development Center)
- Tactical needs, like cost-management, as well as Strategical requirements, like global presence, are amongst many used to craft requirements.
- A plan for Space Configuration, Resources (H/w, S/w), Hiring, Training is defined
- Various options to handle upfront costs are submitted for approval as well

‘O’ for Operate

- CBS Senior Management has extensive US and International experience
- All of Engineering, HR, Legal, and other support and management oversight provided
- Processes and Quality Systems (ISO9001, CMM) put in place by CBS
- Frequent Customer Satisfaction polls, as well as regular status meetings
- CBS works on flexible pricing model

‘T’ for Transfer

- Consistent with upfront plans and periodic status checks, clients can exercise the Option to take over the service team in a planned fashion
- CBS can assist in transferring this ODC into your wholly owned subsidiary
The CBS ‘B – O – T’ Model

Get aligned on:
- Staffing needs – initial, scaling goals
- Management structure
- Quality processes/certifications
- HR processes
- IT, Telecom, Capital equipment needs
- Facilities goals
- NDA provisions
- Ownership time horizon
- Reporting needs
- Financial outlays – start-up costs, on-going costs, transition costs
- Contingency planning, risk mitigation
- Contractual Framework for transfer of ownership
- Governance

Engage

Build
- Startup knowledge transfer
- Interview, training, certification processes
- Quality processes
- Reporting
- Governance

Operate
- Project/process tracking
- Quality audits
- Reporting
- Governance
- Transition planning
  - People
  - Process
  - Facilities
  - Equipment

Transfer
- Transition planning
- Executing the transition
## Benefits

<table>
<thead>
<tr>
<th>Tactical Operational Benefits</th>
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<tbody>
<tr>
<td>- Improve overall quality &amp; performance</td>
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<td>- Add newer functions and services</td>
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<tr>
<td>- Ability to ramp up (or down) quickly</td>
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<tr>
<td>- Work around lack of internal resources</td>
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<tr>
<td>- Have a pool of trained resources to bring onsite as needed</td>
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<table>
<thead>
<tr>
<th>Strategic Operational Benefits</th>
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<tr>
<td>- Improve Business Focus</td>
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<tr>
<td>- Access to world class capabilities</td>
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<td>- Accelerated Re-engineering benefits</td>
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<tr>
<td>- Free internal resources for other purposes</td>
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<td>- Achieve flexibility</td>
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<td>- Smart sourcing partner becomes an efficient 3rd eye partner</td>
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<td>- Shared Risks</td>
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<td>- Phase out older technologies, while ramping up on newer ones more effectively</td>
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### Diagram:
- **Benefits**
  - Legal/IPR
  - Security
  - Quality
  - Dedicated Team
  - Financial
  - Operational
    - Tactical
    - Strategic
**Benefits**

<table>
<thead>
<tr>
<th><strong>Cost / Financial Benefits</strong></th>
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<tr>
<td>Reduce costs, by 50% or more</td>
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<td>Free up capital funds for other use</td>
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<tr>
<td>Convert fixed costs to variable costs</td>
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<tr>
<td>Work around lack of internal resources</td>
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<tr>
<th><strong>Dedicated Team</strong></th>
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<tr>
<td>CBS uses a dedicated team to service your requirements.</td>
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<tr>
<td>Knowledge retention</td>
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<tr>
<td>IPR protection – each team member enters into 1:1 direct NDA with you as well.</td>
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<tr>
<td>Continual increasing effectiveness, as team learns and improves.</td>
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<tr>
<td>Single focus on your needs and goals, beyond the dictates of a SLA.</td>
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<tr>
<td>Allows relationship building between your Managers, Coaches and Leads with the team leads and members.</td>
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<tr>
<td>The dedicated team are assets already performing at a high level when the Option to transfer them is exercised.</td>
</tr>
<tr>
<td>You partake in the selection process for this team, allowing you to ensure you have the right mix of skills working in your team in India.</td>
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## Common Concerns

### Quality
- CBS places a very strong emphasis on overall Quality. A full time Quality Manager, along with a CBS Quality Council constantly monitor and measure quality.
- ISO 9001 and CMM procedures can be put in place into the BOT

### Security
- Commercial strength firewalls and VPNs (site-to-site/remote access) for e-security
- Physical security, including badged access using magnetic close-proximity readers
- 100% Virus protected, and hack-resistant network at multiple levels

### Legal Structure, Intellectual Property Rights
- CBS is a US corporation, all contracts are enforceable within the US legal system. You deal with us directly, not with a branch office, or a offshore vendor.
- Contractually, any IPRs, trademarks related to your work are assigned to you.
- All CBS employees working for you will have an additional direct NDA with you
- When exercising the Option to transfer the team, all hardware, software, processes are also transferred.
Common Concerns

Time Zone difference (approx 12 hrs)

- Shifted Timings are used (like 1pm to 10pm) to allow for overlap with US work day
- Follow The Sun model is leveraged, as needed. Our support teams pair with your Stateside teams to provide **24 hour coverage** to your customers

Connectivity

- Site-to-Site dedicated VPN allows bi-directional access to tools and resources for higher productivity and efficient knowledge management.
- High speed underlying leased line provides ample bandwidth
- Infrastructure architected based on team requirements (for example, using Clearcase Multisite, and other tools for high productivity).

Transparency

- All our process maintain full audit trail, so that you will have access to at all times.
- Access to all project dashboard provided to you using site-to-site VPN
- Minimum once-a-week status meetings of the project teams with you
- Monthly top management meeting with you to ensure your quality and productivity goals are met
# Cost & Timeline Estimates

## Cost
- Depends on skills, experience, functional (customer support, quality assurance, product development, and others) and BOT time horizon
- Specific information regarding our service charges can be provided upon request.
- CBS offers several financial models – Fixed Price, Cost Plus, and other variants
- A team of X engineers would be approximately $Y man-month.

## Timeline
- Week 0 – Letter of Intent
- Week 1 – Proposal of space, engineer profiles, infrastructure
- Week 2 – Finalization of contract, approvals
- Week 3 – Dedicated team is in place

## Financial Models
- Time and Material – CBS will provide you a hourly rate based on planned activities and resources, and on approval work within that committed budget (hourly rate)
Summary

- CBS has a proven track record in helping clients (G1000 and smaller companies) achieve cost savings through the use of its Global Delivery Methodology - Development, Maintenance and Support services.

- CBS blended approach - onshore project management and offshore delivery - ensures quality delivery without compromising quality.

- CBS BOT services provide the right combination of strategic and financial value.