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Profile

MIRANTIS

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Mirantis Delivers an Alternative to Offshore Outsourcing, Providing Clients with Overseas Development Center and Staffing Services

Executive Summary

Global technology suppliers and major multinational corporations have long used a combination of overseas development centers and offshore outsourcing to reduce costs and augment internal Information Technology (IT) staff with skilled foreign workers. However, enterprises that lack the legal and financial resources, in-country contacts, and international business expertise required to set up offshore facilities are typically limited to outsourcing. Although this approach can play an important role in such enterprises' IT and engineering activities, it does not enable them to achieve the benefits of offshore development while maintaining direct control over core business/technology initiatives.

Mirantis, Inc. (Mirantis) offers these enterprises an alternative to offshore outsourcing. Operating under the banner of "Extending Your Core Offshore," the company specializes in helping technology suppliers, engineering firms, and enterprise IT organizations set up, staff, and manage offshore development centers. A multi-cultural company headquartered in the U.S., Mirantis has facilities in Russia and strong ties to that country's scientific, mathematics, and IT communities. From this base, Mirantis is expanding its operations to other countries, providing a range of services designed to bring the benefits of direct offshore development to enterprises that might otherwise be unable to achieve them on their own.

Market Position

Mirantis provides enterprises with a variety of direct offshore development options — from joint ventures to build-to-transfer to complete development center hosting. The company's services include skills matching and hiring and staffing assistance, training, and facilities operation, as well as complete local labor, tax, and intellectual property licensing compliance management.

Typically, the chief means by which midtier enterprises participate in direct off-shore development is through build-to-transfer agreements based on joint ventures with offshore suppliers. Mirantis, on the other hand, also offers clients the choice of direct control over projects and personnel through its core Technology Development Center (TDC) services.

Mirantis serves enterprises that require scarce scientific, technology, and engineering skills for complex research and development initiatives and are looking to realize the cost savings offered by Russia and other former Soviet Bloc countries. Unlike large global corporations, the companies that Mirantis works with generally lack the resources and brand recognition that would otherwise enable them to attract local talent.

With facilities in Moscow and St. Petersburg, Mirantis has positioned itself as an "employer of choice" within Russia. The company maintains a database of more than 2,500 scientific and technology experts, many of whom hold senior positions in the country's major universities and research institutions.

Mirantis' skills database and connections to Russia's research community give the company access to the country's deep pool of highly qualified and diverse scientific, mathematics, and engineering resources. The company focuses on providing permanent extensions to its clients' organizations, not temporary staff assembled on a per-project basis. In doing so, Mirantis handles all human resource (HR) functions save the most critical ones — e.g., hiring decisions and direct technical staff and project management — which are retained by its clients.

Unlike staffing companies, Mirantis also maintains modern development centers, providing clients with site services — from IT infrastructure to office furniture and suppliers and facilities management. The company will also take partial or complete responsibility for system and business administration functions based on client requirements.

Company Background and Organization
Mirantis' management team developed its expertise in offshore development while running RSI, a small financial services software firm in Silicon Valley. Driven by a need for highly qualified staff and faced with high salary demands from U.S. engineers, Alex Freedland, RSI's co-founder, explored the potential for direct offshore development in his homeland, Russia.

After encountering and overcoming the typical hurdles associated with setting up an overseas IT operation, Freedland and his partners established RSI Group Moscow in early 1998. By mid-1999, the company's development organization was equally divided between the U.S. and Russia, serving a diverse customer base that included United Healthcare, US Bancorp, and New England Electric in the U.S., and Mobistar in Belgium, among others.

In early 2000, RSI was acquired by London Bridge Software, which spun off its Russian operation into a separate company, Clear Logic Software. Clear Logic continued on the offshore path, providing new product development, sustaining engineering, quality assurance, and software implementation services to a growing customer base.

In June 2001, the company changed its name to Mirantis and developed its TDC services strategy. Overseeing the process was RSI President Frank Patchel, who now holds the same position at Mirantis. The company then set about creating a delivery model and organization covering both sides of the offshore equation.

This organization includes a U.S.-based program management team that works directly with client decision-makers, managing all phases of offshore opportunity and requirements analysis and planning. The team's Russian counterpart manages all facets of development center startup, implementation, operations, and facilities management, enabling client management to focus on core development activities and technical project oversight.

Core Services
Mirantis' TDC services are designed to ensure close coordination and integration of client in-house and offshore staff throughout the entire development center deployment lifecycle. Divided among four core offerings — Process Management, Staffing and Human Resources, Operations, and Facility Management — TDC services are delivered by both U.S. and offshore-based teams that work closely with client team members to ensure a successful development center implementation and smooth ongoing operations.

TDC Process Management Services
The first step in Mirantis' TDC delivery model is the Opportunity Assessment, which is designed to help clients identify how to best leverage offshore development. The multi-step process includes business alignment analysis to identify strategic and operational goals and potential programs. The output from the initial Opportunity Assessment forms the core body of knowledge on which all future activities are based, and is continually updated as goals change and new programs are introduced.

The Opportunity Assessment is followed by a review of required skills, priority, schedule, and technical requirements. The combined Mirantis and client team then validates the feasibility of each alternative, detailing its risks and benefits to identify the most appropriate offshore programs. The principal outputs from this activity include a project plan and skill profiles.

The project plan describes and assigns appropriate actions in a detailed time line and identifies network and development platform infrastructure, security, and associated facilities requirements, which form the basis for the TDC implementation

plan. The skills profiles provide a framework for TDC staff prescreening, interviewing, and hiring activities as well as initial training and employee retention programs.

A key aspect of the company's TDC Process Management services is a focus on process management and incubation deliverables, which are based on understanding the details of its clients' organizations and processes. With this knowledge, Mirantis helps clients adjust their processes to match the unique characteristics of the offshore business culture while retaining their core elements.

In addition, the company assigns a dedicated TDC Program Manager who is responsible for overall client satisfaction. This individual acts as the chief liaison between Mirantis and the client to manage ongoing reviews, identify and help implement process improvements, and promote best practices to ensure the smooth operation and communication between the client activity centers and the TDC.

Staffing and Human Resource Services
Working with client hiring managers, Mirantis handles all facets of staff sourcing to match candidate skills with job requirements. The company also screens each prospect for language skills and his or her "fit" with a client's business culture. Selected résumés are then forwarded to the client who, working with the Mirantis team, schedules interviews through appropriate communications channels. The company ensures that only qualified candidates are presented to the client, who retains total authority over hiring decisions.

Taking the staffing process beyond recruitment and hiring, Mirantis also develops orientation and training programs to ensure that offshore staff is fully integrated into the client's corporate culture. At the same time, the company works with a client's on-site staff members to help them understand the subtle cultural differences that often spell the difference between success and failure in offshore development. Finally, Mirantis also manages all HR functions such as tax and legal compliance and outplacement, developing benefit and retention programs appropriate to in-country cultural norms and business requirements.

Facility Management Services
In addition to providing secure dedicated facilities for clients at its Moscow and St. Petersburg centers, Mirantis also provides complete site selection and leasing services as well as physical security and facility configuration. In addition, the company sets up secure virtual private network (VPN) data and telecommunication links between client sites and their TDC operations, and leases and installs workstations and software in accordance with client needs.

TDC Operations Services
Mirantis' TDC Operations Services include on-site data security and systems administration as well as accounting and administration. Going beyond these standard business and technology offerings, the company also delivers complete municipal and national government liaison services and provides hospitality logistics coordination for client staff visiting the TDC. Mirantis also manages travel and visa requirements to enable TDC staff to meet and work directly with client personnel at their facilities.

Aberdeen Conclusions
In managing bureaucratic, staffing, infrastructure, and cultural challenges that often characterize doing business in a variety of cultures, Mirantis removes the barriers to entry to direct offshore development. Moreover, the company's experience with and connections to the deep and varied skills available in Russia enables it to target specific technology, engineering, and scientific enterprises that are often in need of such resources — even during periods of oversupply in the global IT labor market. The combination of access to scarce talent, low-cost development, and in-country expertise enables Mirantis to offer such enterprises an alternative to offshore outsourcing, while enabling those clients to retain direct control over their core initiatives.

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Aberdeen Group is a computer and communications research and consulting organization closely monitoring enterprise-user needs, technological changes and market developments.

Based on a comprehensive analytical framework, Aberdeen provides fresh insights into the future of computing and networking and the implications for users and the industry.

Aberdeen Group performs specific projects for a select group of domestic and international clients requiring strategic and tactical advice and hard answers on how to manage computer and communications technology.