

partnership in action

UKIBC Case Study

DIGITAL MESH

This study involves an Indian SME providing custom software solutions, Digital Mesh, and three regional UK SMEs, each with a different reason for expanding their software solutions to India. The common outcome of the outsourcing partnerships has been software-led business expansion, along with unanimous confidence in the benefits of outsourcing partnerships to UK business.



Digital Mesh CEO Ravi John (Right), with The Toolbox Manchester CEO Shafiq Ahmed

THE ORIGINS OF DIGITAL MESH, FROM RAVI JOHN

We began at the end of 1999 as a very small company, with £500 capital. As that was the dotcom heyday people were crazy enough to give us work, and we grew, then the dotcom bust happened. In a year and a half we had grown to 20 employees and then scaled back down to three. The next few years were challenging. We were determined to stay alive because I believe we're never going to meet the demand for software, and from 2004 onwards many of our old clients have been calling up and saying, "Ravi are you still around?" And I say, "Yes, are you still around?" It means that we must have done something good. For us and most similar companies, it's always been that the majority of business is America. Initially we had nothing with the UK. In Europe it was Germany, Denmark, Netherlands, and Spain. But since early 2006, we have had more interest coming from the UK. Today it has reached a position where almost 50 % of our work is with the UK. Of UK companies able to benefit from outsourcing, there is a gap, which is in the SME segment of the market.

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WHY UK SMES SEEK AN OFFSHORE SOLUTION

Anthony Slumbers, Estates Direct.

Obviously in outsourcing there's been a great increase in dealing between the large UK and Indian companies. But the upside of the dotcom bust was that a phenomenal amount of money put into infrastructure back and forth effectively ended up being a cent in the dollar. In 2005 I wanted to create a new software product. That presents challenges in the UK and I'm sure this is where the business is from Ravi's end. There must be a lot of people like me who want to create a product. But the time when you could easily fund such projects in the UK is past. So you consider how do you build a product? My company has always been virtual. Developers are all over the place. Then I thought, the big companies have managed to do this back and forth to India, so why not us?

Shafiq Ahmed, The Toolbox Manchester Ltd.

I knew an employee of Digital Mesh at the time when every UK company was in a rush to have a website, but not many SMEs knew exactly what they wanted or where to get it. I told Ravi's employee this, and he made me a website in his spare time. It was excellent and I wondered which further applications he could build for my business. He said his employer was the person to ask.

e-GoodManners – Alan Hazelhurst.

What happened in Leeds is the following. We code in Cold Fusion (CF) language, an enterprise level solution which is used banks, insurance companies, travel companies and so on. Leeds has been growing last year at probably the fastest rate of any major city in the UK, and lots of companies who were coming in were CF users. They sucked the market dry of CF developers. We decided we had to do something, and I started looking around. By the time we found Digital Mesh, we knew that we were going to work with a company in India. India has a large CF market, and is more competitive than the UK.

WHAT THE COMPANIES PRIORITISED WHEN CHOOSING AN OUTSOURCING PARTNER

Shafiq Ahmed, The Toolbox Manchester Ltd.

I wanted a small professional company. But it seemed that the professional companies were large, the sort that Microsoft work with, not me. But as Ravi's employee had nothing but good words for his employer, on a personal and business basis, very warily I contacted Ravi. Ravi got in touch straight away, and gave feedback. The first thing that he said was that he was going to come over and visit me in the UK. I thought, "This is going to cost me money. Or, there's going to be a very sad director of a company going back." But Ravi said, "No, if you don't want this that's fine, I've got other clients to visit." At no time did I see anything that suggested greed. It was more about customer base, having a nice clientele, satisfied customers – and there's another one added.

Ravi John.

We only take on something that we are one hundred percent sure of - sure that technically we have the capability to build the product. Secondly we have to be sure that we are going to get on with the client. The relationship is very important to us.

e-GoodManners – Alan Hazelhurst.

When we found Digital Mesh, a team member went to India to work with their team, following a diligence process. What e-GoodManners didn't want was to just buy a bit of programming. We wanted to set up a team, and a big attraction was the ability to be able to expand and contract that team, almost at will. When we need another

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programmer, we get one fast. You can't do that in the UK because there just aren't the people with skills there.

Anthony Slumbers, Estates Direct.

Doing research on the web, I looked at a whole range of companies, but picked up on Ravi's, because he has a lot of stuff on his website on 'How do you do this?'. He recognised that for a UK company this is scary – we don't know each other yet, and we're thousands of miles away. He responded fast, communicated clearly, and had references at hand, all of which is reassuring.

THE OUTCOME OF THE OUTSOURCING RELATIONSHIP

e-GoodManners – Alan Hazelhurst.

We don't consider ourselves a customer of Digital Mesh, and we don't consider ourselves as a supplier because equally we're not just buying components from another country. We're in partnership together. We put as much effort in here, to producing software in India, as we do into producing software here. It's about the commercial application of what we do. We're thinking beyond the coding about the usability of what we're producing. It has to be simple. We won't accept two clicks if one will do. We won't accept something that's not intuitive. Recently we set out a programme for Digital Mesh and explained why it had to be done and what happens to the end user. It was perfect. It did the job, which is fine, you'd expect it to do that. But it looked like e-GoodManners, it felt like e-GoodManners. And less is more. It was click; done.

Anthony Slumbers, Estates Direct.

I thought you'd need to spend a lot of time on the phone together. But actually you don't; you can communicate online. And apart from the enabling factor that outsourcing gives a business over here the opportunity to create something that it could possibly never create, simply on the economics of it, it actually forces a really strong discipline on how you work. We developed this application for fifteen months. It's a big project. But it's fantastic. It works.

THE BENEFITS OF OUTSOURCING TO UK COMPANIES AND THEIR EMPLOYEES

Anthony Slumbers, Estates Direct.

If you think about the commercial realities for the West, we can't compete on the coding side, but we can compete on the design and the functionality and the marketing and so forth. My website was designed here in London, and so was Ravi's. Borders aren't so important anymore.

Alan Hazelhurst, e-GoodManners.

In niche markets in the UK, skilled people will often move to London. In Leeds and other regional cities companies need skilled people to grow, who aren't available locally, so when we went to Digital Mesh, we made a conscious decision that the partnership was going to be expansion for us. It wasn't going to be instead of. We weren't going to stop being a software company, and have now grown to employ more programmers here, and more testers here. We anticipate having Digital Mesh as a partner long-term.