Evaluating Software Development Firms
OUTSOURCING CHECKLIST
Hiring an outsourced software development firm is a huge undertaking. If done properly, it can improve the way you do business and give you a more competitive advantage. If it fails, however, the damaging effects can be catastrophic to the business.

With the time, money, and resources you will invest, you need to ensure that you get your money’s worth. Apart from guaranteeing that the winning vendor has the right credentials, expertise, experience, and technologies for the project, you need to ensure that you can have a healthy working relationship with them.

The checklist is a generic list of questions you need to ask during your vendor evaluation phase. However, sending the entire list to your shortlisted vendors can be inefficient and turn them off directly.

We recommend going through some of the items over the phone first so you can tick off a few of them and shorten the vendor screening process.

Enrolling the proactive approach will help you gain more insights into vendors’ capabilities, experience, and business ethics, as this information will help you make better-informed decisions.

The Checklist

The checklist on the next pages is designed to give you a proactive approach in the vendor selection process. You can modify this 10-key area list based on your specific processes and needs.
The questions below will help you determine if you are dealing with a reliable company with a sustainable business model.

Procuring an outsourced software development firm is a long-term project. You need to ensure that the vendor will still be in business from the planning to design, and all the way to the project's support phase.

☐ How many years have you been in the software/web development business?
☐ How many years have you been offering your services to offshore countries?
☐ Describe your company's business model.
☐ What are your company's main guiding principles?
☐ Describe your onshore, nearshore, and offshore capabilities.
☐ Describe your key services.
☐ What is your area of expertise?
☐ Describe the company's financial condition.
☐ What sets your company apart from other software/web development firms?
A vendor’s clientele will give you a preview if they have the right expertise you are looking for. Similar projects in other companies will help you gauge if the vendor has what it takes to take on and complete a project of this amplitude.

As references are equally important, the right vendor should be able to provide you with references from the last few projects they handled. Preferably, these should be senior executives or managers from a company they last provided services to.

☐ How many clients have you handled?
☐ How many clients do you currently have?
☐ Describe the last three projects you recently finished.
☐ Provide at least two references with contact information.
In evaluating shortlisted vendors for an outsourced software development project, you need to know who will manage the project from the vendor's end.

For instance, you need to know up to what level their senior management will be involved if they get your account.

- Describe the composition dynamics of your teams.
- Describe your escalation process.
- Describe the level of experience of the management team.
- Describe your software support procedures.
After evaluating the expertise level of their management team, we move forward to the analysis of the vendor’s team. This consists of individuals who will perform the specific tasks needed in every project milestone.

As a potential client, you need to determine if these persons have the right qualifications, certifications, and project experience. These questions will also help you gauge if their employees will be around from the project’s start to finish.

☐ How many employees do you have? Provide the number of employees per position.
☐ What is your attrition rate?
☐ What are the educational backgrounds of your employees?
☐ What are the specific certifications of your employees?
☐ What internal and external trainings did they receive in the past?
☐ What kind of cultural training do you provide to your employees?
☐ Describe your process of scaling up or down.
☐ What are your employee retention strategies?
☐ What happens to the project when an employee leaves your company?
☐ How does your company keep up with the latest industry trends?
☐ Do you use subcontractors for any work performed for a client?
While every company has its own way of doing things, there are standard processes and best practices that every company abides by. Moreover, you need to determine if the vendor’s development process complements your business operations, as well as your project’s goals.

Asking these questions will help you prepare for any collaboration and communication issues that may arise during the project.

- What software development approaches or styles are you familiar with and specialize in?
- Are there development processes that you refuse to follow?
- What are your reporting guidelines for deliverables and performance?
- Describe the process you went through for clients similar to us.
- Do you perform hours logging in the development process?
There are cases wherein a vendor is also outsourcing development or parts of the project to another vendor to help reduce costs, and there are clients who may not be aware of this common practice.

Asking these questions early in the vendor evaluation process will help you prepare and decide on any accountability, security, privacy, and data integrity issues that you are not comfortable with.

- What are your security and confidentiality guidelines in protecting your clients' IP, source codes, and/or other sensitive information?
- Who owns the code, process, hardware, licenses, and other materials required in the project?
- What warranties do you provide for the intellectual property and work deliverables?
Discussing the total project cost early in the vendor evaluation phase will help you decide if their portfolio complements the project's expenses.

Taxes and other expenses should already be included in the computation. It should be in black and white to avoid any other costs – hidden or recurring – that may arise.

A competitive vendor should be able to provide a flexible pricing procedure to accommodate the client’s needs.

☐ What is your pricing model for these types of projects?
☐ Discuss any hidden or recurring expenses that may arise in the course of the project.
☐ Are you planning to charge any additional taxes on top of your fees?
☐ What is your payment schedule?
☐ Describe your time accounting and milestone management process.
The Project Contract

Usually, vendors submit a draft contract after assessing the project details. During your vendor evaluation process, you need to be aware of the project terms and legal points. This is particularly important if the project will be outsourced offshore.

There are key contract questions to ask during the evaluation phase.

- What are the major legal points of the contract?
- What are the contract term, expiration, and renewal options?
Apart from evaluating the management and talent teams, you need to gauge how the vendor will uphold the overall quality of the project. Its standard industry certificates should be able to ascertain the quality of their services.

- What industry standards do you follow to ensure quality and customer satisfaction in the field?
- What are the standard quality deliverables for these types of projects?
- Describe your testing process.
- What quality certifications do you have?
The Technology

After assessing the outsourced software development firm’s credentials, you need to evaluate if they have the right tools. You can request for an extensive list of technologies they have and the tools they will use for the project. This list gives you and your team a better idea of the vendor’s security measures, performance, quality of execution, and overall expertise.

This will also help you analyze if the technologies they use are the same or compatible with yours. Knowing firsthand the project management tool they use will help you prepare for the collaboration between the vendor’s team and your internal team.

☐ What project management tools do you use?
☐ What collaboration tools do you use?
☐ Describe the infrastructure expertise of your company.
☐ Describe the availability of the company software environment.
☐ Does the company maintain partnership or support levels
☐ Does the company maintain partnership or support levels with software industry leaders?
☐ What tools are used by the company in its software lifecycle to author the code, gather and report on code and quality metrics, defect tracking, and change management?
CONCLUSION

As a startup founder, I spend a lot of time talking to others like me—people who own businesses or building from the ground up.

This checklist aims to help you successfully narrow down the shortlisted vendors for outsourced software development and push towards a decision based on a complete set of data.

Outsourcing solutions allow companies to focus on their core business. However, procuring the right vendor ensures that you get the real value of outsourcing your solutions to software development firms in the Philippines, India, China or any country of your choice.

We can get you started by a free strategic analysis of your project and provide you with additional insights such as

- Outsourcing 101: How, When and Where to Outsource
- The 7 Most Common Software Development Outsourcing

Final Reminder
The 10 key areas in evaluating software development firms are:

- Basic Profile
- Client List And References
- Management
- Talent Team
- Development Process
- Security
- Total Project Cost
- Project Contract
- Project Quality
- Technology
ABOUT ARCANYS

Arcanys is a Swiss software development company with a delivery center in Cebu City, Philippines. Our focus is in the development and implementation of great and innovative ideas into smart software solutions for enterprises and startups.

Our core business is to help our clients from the design of the specifications to the release of a software project. We provide and manage teams of full-time software developers collaborating with offshore IT teams who are primarily based in North America, Europe, and Australia. We are dedicated to helping clients spot areas for improvements in their innovation process, from solid specifications to limiting errors and bugs, with a keen interest in delivering projects on time, just as you expect it.

With our extensive experience in dealing with onshore and offshore clients, you can be assured not only with the quality of the output, but also with the quality of your outsourcing relationship with us. Talk to us today to find out how we can help you achieve your software development goals.

CONTACT ARCANYS

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