

Multilevel Marketing Pyramid Selling

VARUN AGARWAL
CCSIT TMU MORADABAD
varunitkint@GMAIL.COM

Abstract— Software outsourcing is a stringent out the elaboration, provision, supervision, exercise, upholding or process of software services, skills, products or applications. Here we examined that the Developer creates a job for end user, after submitting the job end user fails to run the desired application, he/she marks negative on the dashboard that will influence the overall image of the developer. So we are developing a portal that will resolve this problem. During the last decades a new phenomenon called Globalization is considered to be the cause for a number of fundamental changes of our lives. Changes that have introduced such terms as 'new economy', 'network society' or 'the information age' also have roots in globalization. In international business environments these changes are especially visible in the kind of organizational forms being adopted to enable work across the globe. Here we are resolving some issues related to the Outsourcing IT.

Keywords—outsourcing, offshore, Global collaboration, software development, delay, speed, awareness, informal communication

I. INTRODUCTION

The main subject of this paper is the outsourcing of software development, which can take place either in one country, when an outsourcing provider serves its clients within domestic boundaries; or when clients look for an outsourcing provider in abroad. This paper will focus more on the latter – the offshore outsourcing of software development (OSD). This category is also frequently referred to as outsourcing across borders.[2]

In the first part I will present a historical overview of the OSD in order to identify its origins. I will present a general definition of the OSD together with definitions of its three components: in-country, offshore and near-shore outsourcing

In the second part I will present the factors and advantages that motivate companies, both providers and clients, to enter into the outsourcing relationships. I will examine

those factors separately from clients' and providers' perspective.[3]

The third part is devoted to a discussion of the problems that arise in the outsourcing projects. I will identify and describe possible risks in the OSD.[4]

The fourth part starts the main topic of this paper – the offshore OSD. First I will present the criteria, which should be met by the countries – outsourcing destinations. [5] Then I will examine countries which are currently considered as major outsourcing destination.[6] I will support the descriptions with the figures of the past and current software exports, employment resource, salary ranges and tax rates. [7] I will also consider the situation in the IT industry in two possible future outsourcing destinations - Ukraine and Kazakhstan - and try to make conclusions on their chances to enter the global outsourcing market. Finally I will present an example of a near-shore destination.[8]

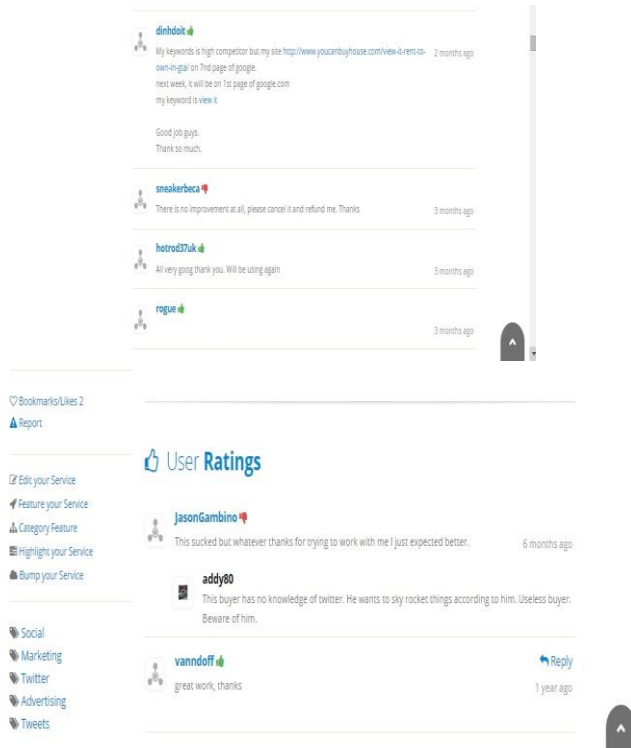
II. PROBLEM STATEMENT

Uncertainty about information confidentiality.

Lack of proximity to staff.

Uncertain financial payback.

Increased complexity of management. (Resolving) the lack of control over the outsourced resources. [5]



III. OBJECTIVES AND PROPOSED WORK

Software outsourcing is contracting out the development, planning, management, training, maintenance or operation of software services, skills, products or applications. Here we analyzed that the Developer creates a job for end user, after submitting the job end user fails to run the desired application, he/she marks negative on the dashboard that will influences the overall image of the developer. We have applied some parameters that will allow the buyer to restrict/allow to make decisions, so we r developing a portal that will resume this problem as:

[1] A. ALGORITHM

STEP 1: Login user with role as a Buyer/Seller.

STEP 2: If Buyer, Search Developers for development task and make communication on site dash board, no direct interaction.

STEP 3: If Seller after Login Process can make “Gigs” means what he/she can do, will we displayed to the buyer.

STEP 4: A parameterized transaction will take place between buyer and seller.

STEP 5: I Case buyer not satisfied and wants to roll back without making payments

The parameters will take the decision and allow/restrict to roll back.

STEP 6 : If no issue seller will submit the work and buyer have to accept.

STEP 7 :Seller and Buyer can make audio conversation with in the presence of site admin.

Step 8 : The Buyer or seller have to go through in a ‘question era’ that will automatically examined in the decision making.

IV. LITERATURE REVIEW

In the modern society of knowledge and technology the IT industry has become one of its essential parts. Information and communication technologies now are integrated in every business across the globe. The key element of these technologies is software, which makes software production and implementation exceptionally important. In the early ages of computing software development was considered as an internal affair by the most of the technology firms. Those companies tended to have their own development departments producing software for the interior needs. This approach is known as ‘in-house development’. On the other hand there were a number of companies that have rejected the idea of the in-house development and turned to specialized companies buying software from them or contracting out the development work [4].

[2] B. NEED

Why is the in-house development so unpopular? Starting from the age of the big

mainframes to the late 1980s the companies that used to run their own software development departments have experienced an unprecedented growth in their developer staff – in hundred times. Jones (1994) points out that by that time City bank and Athena Insurance employed more than 3000 software personnel, Pacific Bell – 5000, AT&T and IBM – more that 20000 each. The US federal government agencies had more that 150000 software employees [5]. The software industry in that period was immature and software products available on the market often lacked flexibility to be successfully implemented in the heterogeneous mainframe systems landscape. This made the companies and public bodies to increase their development teams. However by the late 1980s the scale of the software usage in the business and also the complexity of the software systems have grown dramatically and caused a corresponding increase of the developer staff [6]. Companies have faced a dramatic escalation of salary expenses coupled with increased spending for establishing complex infrastructures required for the software development processes (such as specialised premises with air conditioning for data-centres or networks). Efforts to provide an effective management of the development projects also were considered to be too excessive for a company, which primary activity was not the software development. All these factors decreased return on the investments into the in-house development.

By 1994 the contracting out work has become an increasingly popular practice for software development, maintenance of the entire IT infrastructures, since it helped to avoid excessive spending and managerial efforts. In the IT industry the ‘contracting out’ term is widely substituted with ‘Outsourcing’. The common definition of the outsourcing given by Wikipedia¹ is: “the management and/or

day-to-day execution of an entire business function by a third party service provider.”[7]

In the case of software outsourcing the business function is the software development and a third-party service provider is a subcontractor enterprise. So, a more precise definition for this practice is given by R.Abbas et.al (1998): “software outsourcing is contracting out the development, planning, management, training, maintenance or operation of software services, skills, products or applications” (11)

During the 1990s the software development outsourcing not just replaced the in-house development but also became one of the fastest growing industries. For example, the value of the North American (USA and Canada) IT outsourcing² market had value of \$101 billion in 2000 and is expected to reach the value of \$160 billion in 2005 [13]. The global IT outsourcing market volume expected number in 2005 is \$208 billion (1).

The IT outsourcing market consists of two main parts. One of them is the in-country outsourcing, which are the outsourcing contracts between companies within a country. The first outsourcing attempts have been in the domestic market. It was the natural course of the outsourcing. The domestic market is full of the companies ready to offer clients their services in the software development, maintenance and those of the other parts of the software life-cycle. These vendors are geographically and culturally close, easy to contact and to deal with.

Another part, which constantly increases its share, is so-called offshore outsourcing: “the practice of hiring an external organization to perform some or all business functions in a country other than the one where the product will be sold or consumed.”³ Until the late 1980s the disadvantages of the international outsourcing contracts (e.g. communication

and managerial complications) have been prevailing over their advantages (low wages). The breakpoint was in 1985 when Texas Instruments first saw potential and, in a pioneering and landmark move, established their subsidiary in Bangalore, India [14]. Since that time offshore outsourcing of the software development started to attract the attention of many companies. One of the main reasons to that was the globalization. Globalization has increased the competition in the IT industry which made such factors as cutting costs, accelerating market delivery, use of highly qualified personnel, increasing quality of service, proximity to customer and getting access to the new markets extremely essential. The offshore outsourcing projects made it possible to achieve these goals. Besides, IT industry, especially the software development well fits such requirements of the offshore work as ability to perform the job distantly, high information content of the job, high wage difference between the original and offshore countries and the repetition nature of the work 4. And finally the rapid development of the ICT, especially networking (the Internet) has enabled a big number of small companies, even individuals to perform the offshore software development at minimum cost.

All these factors have made the offshore outsourcing of the software development a popular trend among many companies both in Europe and North America. The value of the offshore IT outsourcing in the North America in 2001 was \$5,9 billion and will reach \$15 billion in 2005 – 9,4% share of the total IT outsourcing market.

Finally, another practice, which is considered to be free of such natural imperfections of the offshore outsourcing as for example cultural differences, is near-shore outsourcing – a new term to describe outsourcing work in countries which culturally and geographically are close to the outsourced company's

country of origin. The examples are Canada for the USA and Ireland for the UK.

Key Drivers for OSD

Riabov (2003) points out a number of key drivers, which impel both client and vendor companies to start outsourcing projects. They are:

- Increased revenue potential,
- Selling capabilities to external users,
- Increased process effectiveness,
- Freeing up internal resources,
- IT function difficult to manage,
- Company philosophy of outsourcing non-core activities,
- Lack of appropriate skill set,
- Reduction/control of costs,
- Gaining access to world-class capabilities

The increased revenue potential factor is considered to be more important to the provider rather than to the client. Software development companies can significantly increase their income by entering the OSD contracts in addition to the production software for the market. For clients this is less direct. By establishing an OSD contract, clients can avoid excessive spending on establishing their own internal software development infrastructure, free up resources and concentrate on his primary activities.

Ability to sell capabilities for the external users is again more important factor for providers. Companies developing software possess a valuable expertise and solutions ready to be realised in a wide range of software projects which can correspond to specific needs of new clients.

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