

Staff Augmentation or Project Outsourcing

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Staff augmentation and Project outsourcing have one thing in common that is tapping into resource pool from the IT supply market and cutting down efforts to recruit and retain IT resources.

The choice depends on your situation of time to engage and start the work. Project outsourcing would need your time and efforts upfront, to put down your own requirement in a formal document.

The following gives a comparative as when to use staff augmentation.

Criteria	Staff Augmentation	PROJECT outsourcing
Delivery ownership	IT department	supplier
Risk involved	low	High or medium
Benefit	Access to skilled resources	If executed well, many strategic advantage such as time to market, high cost saving
Contract	informal	formal
Success measured by	Performance on the job	Service Level adherence
Management Effort to start the contract	Low. Define skill parameters	High. Spend time to outline Request For Proposal (RFP)
When to use	tactical	strategic
duration	Short	Multi year
location	Client office/co-located	Near shore or offshore
Exit criteria	Easy to terminate	Difficult to terminate the contract.

Project outsourcing leads to complete outsourcing which is a strategic business decision One old but relevant sample example :

Oil and Gas giant BP spent 65% of its \$3bn annual IT budget with 3000 suppliers in 2008 but now it outsources to only seven and has reduced its annual IT budget by \$800m as a result.

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