

# WE ACCELERATE YOUR DIGITAL INNOVATION. RISK-FREE.

**AVERAGE SAVINGS OF 42%**  
**TALENT RETENTION RATE OF 90%**  
**GUARANTEED 1:1 PRODUCTIVITY RATIO**

Costing a fraction of old-school, traditional outsourcing models and BOT (Build/Operate/Transfer) off-shore captive operations, SMC<sup>2</sup> brings an innovative talent solution that's delivered by US-based executive leaders with over 100 years of combined global IT expertise.





OPTIMIZING  
OFFSHORE

# Global Insourcing Centers

*Cost Effective and Highly Efficient*

**SMC Squared builds highly effective teams for its clients using a Global Insourcing Center (GIC) model. Differing from traditional outsourcing models where employees are assigned from available bench, GIC dedicated team members are hired specifically for your company, your objectives, your brand.**

**SMC Squared chooses not to carry a bench, rather we use a proven 'Recruit to Fit' model to recruit, hire and develop a team that is exactly what you need. We believe that employees who work for one enterprise as "One Team" will outproduce any other talent model.**

**Our proprietary recruiting and GIC management process has led to an unheard of 90% retention rate across all of our clients.**

**Let's talk more about your IT talent needs and how we can help.**

**CONTACT US:**

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## Save an average of 42%

We're building **your** team.

By launching your own Global Insourcing Center, you strategically gain a highly efficient teams, operating under your direction, decreasing the risk of losing IP, while controlling costs.

Regardless of location, "people first" is core to our DNA. It's how we attract highly-skilled, quality India-based talent that are seeking the job security, career growth and commitment of a US or multi-national company. The trend in global talent is increasingly with GICs, moving away from the commodity mentality seen with traditional outsourcing. Our competition is scratching their heads, while we build great teams, respect and thrive on diversity, and provide you with both efficiency and bottom-line results.

**The Math:** SMC Squared does not believe in hourly billing. We use a salary model, or a 40 hour work week methodology, to provide our clients, and their employees, predictable monetary values. As a result, our clients are seeing an average of 42% savings over traditional outsourcing models.



**Seeing a Trend:** Now more than ever, our clients are looking for services in these three verticals. SMC is your expert partner in sourcing the RIGHT talent for your data, digital, and development teams.

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## Stop Overpaying for Underperforming Talent

Meet or **exceed productivity** and quality of your US based team.

SMC Squared (SMC2) has worked with clients to assist in resolving multiple issues with their offshore strategy. That said, we typically see three key commonalities among our partners:

- Companies are paying \$100-\$200/hr for a US-based resource, stretching budgets far too thin.
- Given the struggle to find talent, companies have trouble filling employee roles in an increasingly competitive market. Talent costs continue to rise, as we estimate many roles between \$100-150k annually, averaging \$65/hr.
- Partners are looking to replace underperforming offshore contractors. Vendor regularly charge for overtime, miss critical dates, and require overruns driving up billable hours while US companies find themselves over budget and disappointed. Average rates here are \$37/hr.

Start to envision your company's GIC advantage with the Savings Chart below. The left side of the Savings Chart below shows the average cost savings per resource annually. The right side shows the savings as teams scales over a typical 3-year GIC build period. Post transfer the picture only gets better!

SMC2's average blended IT resource costs are highlighted in orange. We'll work with you to define and model your GIC team and savings strategy.

Resource Strategy	Expected Rates Per Resource	Annual Savings Per Resource		Total Annual Savings w/ Scaling Headcount					
		Years 1-2-3 with SMC <sup>2</sup>	Post-Transfer	Years 1-2-3 with SMC <sup>2</sup>			Post-Transfer		
Hourly Cost - GIC Talent		\$34.57	\$18.00	10	20	50	10	20	50
Annual Savings - Replace US Contractor	\$100	\$131,907	\$165,312	\$1,319,069	\$2,638,138	\$6,595,344	\$1,653,120	\$3,306,240	\$8,265,600
Annual Savings - Fill Open Employee Position	\$65	\$61,347	\$94,752	\$613,469	\$1,226,938	\$3,067,344	\$947,520	\$1,895,040	\$4,737,600
Annual Savings - Replace India Contractor	\$37	\$4,899	\$38,304	\$48,989	\$97,978	\$244,944	\$383,040	\$766,080	\$1,915,200
Note: Annual Working Hours	2,016								

SMC2's formula on savings is straightforward and transparent. We build dedicated teams for US companies who are seeking to attract and retain great talent, while optimizing cost. SMC2 is humbled by its success in building GIC's and sourcing the right talent for its partners. The results speak for themselves: We average a 90% retention rate, and save our partners 42% across over their current strategy.

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## More than an IT Opportunity

### *Global Capability Centers*

In addition to technology, companies today are moving to set-up "insourcing" centers that address cost, resource scarcity, standardization and compliance risks. Business Process Operations (BPOs) delivered in India bring a right-sourcing option that creates value and shifts HQ workload. Common areas leveraged by BPO teams are Finance, HR, Procurement, Marketing/Merchandising, and Process Automation.

At SMC<sup>2</sup>, we recognize that India is a process-driven, engineering country, with a large English speaking talent pool. Our clients successfully use BPO teams to deliver cost optimization with business services in a variety of areas. BPO teams may start before or with IT capabilities, as our "Recruit to Fit" model builds your BPO team based on your specific requirements. With process, quantitative goals and measurements, BPO teams deliver on costs, quality and high productivity. Rates typically begin at \$10-\$15/hour and scale according to complexity of work.

Level of Work	Rates	Finance	Human Resources	Operations	IT
STRATEGIC	\$24 - \$33	<ul style="list-style-type: none"> <li>□ Pricing Analysis</li> <li>□ Business Performance Analysis</li> <li>□ Cost Analysis</li> <li>□ Audit / Risk Management</li> <li>□ Tax Planning</li> <li>□ Budgeting &amp; Forecasting</li> </ul>	<ul style="list-style-type: none"> <li>□ Employee Relations Strategy</li> <li>□ Compensation &amp; Benefit Policy</li> <li>□ Strategic Workforce Planning &amp; Analysis</li> <li>□ HR Policy</li> </ul>	<ul style="list-style-type: none"> <li>□ Understand Market Trends</li> <li>□ Understand Business Requirements</li> <li>□ Category Sourcing Strategy</li> <li>□ Contract Negotiations</li> </ul>	<ul style="list-style-type: none"> <li>□ Training Curriculum Development</li> <li>□ UI/UX</li> <li>□ Automation Testing</li> </ul>
ADVANCED	\$14 - \$25	<ul style="list-style-type: none"> <li>□ Statutory &amp; Regulatory Reporting</li> <li>□ Tax Accounting</li> <li>□ Management Reporting</li> <li>□ Project Accounting</li> </ul>	<ul style="list-style-type: none"> <li>□ Performance Management</li> <li>□ Vendor Management</li> <li>□ Project Accounting</li> </ul>	<ul style="list-style-type: none"> <li>□ Supplier Engagement</li> <li>□ Demand Management</li> <li>□ Category Management</li> <li>□ Supplier Management</li> </ul>	<ul style="list-style-type: none"> <li>□ Social Media</li> <li>□ Technical Training</li> <li>□ Front-end Development Testing</li> </ul>
BASIC	\$10 - \$15	<ul style="list-style-type: none"> <li>□ Cost Accounting</li> <li>□ General Accounting</li> <li>□ Fixed Asset Accounting</li> <li>□ Credit</li> <li>□ Customer Billing</li> <li>□ Cash Management</li> <li>□ Accounts Receivable</li> <li>□ Collections</li> <li>□ Accounts Payable</li> <li>□ Expense Reimbursement</li> </ul>	<ul style="list-style-type: none"> <li>□ Payroll Processing</li> <li>□ Training Administration</li> <li>□ Policy Inquiries &amp; Resolution</li> <li>□ Benefits Administration</li> <li>□ Relocation Services</li> <li>□ Employment Changes</li> <li>□ Employee Recordkeeping/Master Data</li> <li>□ Recruitment, Assessment &amp; Selection</li> <li>□ Recruitment Services and Process</li> </ul>	<ul style="list-style-type: none"> <li>□ Supplier Detail Maintenance</li> <li>□ Catalog and Content Management</li> <li>□ Originate and Process Requisitions</li> <li>□ Originate and Process Purchase Orders</li> <li>□ Tracking and Maintenance of Order Fulfillment</li> <li>□ Resolving Disputes and Inquiries</li> <li>□ Ongoing Compliance and Monitoring</li> <li>□ Reporting Purchasing Information / Performance</li> </ul>	<ul style="list-style-type: none"> <li>□ Configuration Management</li> <li>□ Version Control</li> <li>□ Security Administration</li> <li>□ Technical Writing</li> <li>□ 1st level Technical Support</li> </ul>

## How to Avoid Hidden Costs of Offshore Hourly Rates

*“Procurement likes to compare hourly rates because it’s easy. But the issue is that the invoice at the end of the month for a committed amount of work is what matters, not what the hourly rate states. Overtime, 45-hour billing weeks, etc. are ways to make your hourly rate look lower to win deals.” --Steven Stephan, SVP of Global Services, SMC<sup>2</sup>*

Many Global Insourcing Center RFPs ask for hourly rates as a selection criterion to support cost control or optimization. Hourly rates themselves are easy to compare but do not accurately reflect the actual costs to deliver services or projects. Fixed bids make an attempt at solving this issue, but are often laced with caveats and take a significant effort to understand the scope.

Also, many people believe that although the rates in India are lower, it takes more resources to deliver the same value as a US resource. Ratios such as 3:1 or 2:1 are often cited, demonstrating a lack of understanding of India’s technical capabilities and, more so, the opportunity to optimize under a global team structure.

SMC<sup>2</sup> has solved this issue by focusing on value generation instead of billable hours. Our teams are measured at the same level as their US counterparts in terms of productivity. This is expressed as 1:1 productivity. We provide the necessary time each week to guarantee a US-full time equivalent of contribution.

SMC<sup>2</sup> will commit contractually to meeting a company’s pre-defined productivity standard (hourly effort estimation, story points, or any other qualitative metric as fits within the client’s methodology). Overtime pay, although incurred as a natural part of a software development lifecycle, is never billed from SMC<sup>2</sup>.

Here are the most common hidden costs in an hourly bill rate to be considered when comparing options.

We suggest that our clients:

- Make sure the rate is not dependent on a 45-hour billable week. This hides an additional 12.5% increase over the quoted billable hour.
- Understand how your vendor partner commits to a productivity level vs. just providing hourly expertise. Should it take 60 hours to do a 40-hour task? Many companies find that the traditional India IT services companies use 20 – 40% more resources because they incent billable hours, not value to the client. See how we worked with Fossil to increase productivity. (LINK TO <https://www.smc2.com/case-study-outsourcing-reboot/>)
- How many times has your service provider fixed the same problem vs. taking the time to solve it with root cause resolution? The reality is that eliminating the problem would reduce future billable hours.

Contact us today to learn more about how we can help your company avoid hidden costs and accelerate digital capabilities.

