



*Runner-up: "Most Collaborative Relationship"*



*Published in*

**Outsourcing Journal**



# How Outsourcing Impacted a Company's Entry into a New Market

By Kathleen Goolsby, Senior Writer



In the survival kit of today's leading organizations is a key labeled "collaboration." As internal resources continue to be right-sized, or as new, innovative companies enter the competitive arena, it becomes increasingly difficult to accomplish anything without external alliances. When a buyer collaborates with an outsourcing provider, it improves the service provider's efforts to accomplish the buyer's business objectives; in fact, the more complex the business goal is, the more important it is for outsourcing relationships to be collaborative. But many are not because a collaborative approach requires trust, dependability, and highly effective relationship management skills to ensure interests are aligned.

Since 1999, Geographic Data Technology (GDT), a US-based premier map database company that provides the foundation for location-based applications, and RMSI, a global IT services company based in India, have enjoyed a very collaborative and successful strategic outsourcing relationship.

Headquartered in New Hampshire, GDT has produced North American digital map databases for more than 20 years. As Ken Clay, GDT's Director of Marketing, explains, "The odds are, your street where you live or work (in the US or Canada) has been digitized at least 10 times -- by the town, the state, your power company, your phone company, the gas company, GDT, and others. We put these disparate sources through a consistent process and produce consistent data." The company prides itself on its completeness, currentness (10 percent of ZIP codes change each year and subdivisions grow every day), coverage, and cost-effectiveness.

## Mapping the Road to Success

GDT turned to outsourcing when it entered a new arena and had to compete in different ways. In the new Geographic Information Systems (GIS) market for in-vehicle navigation systems and location-based services, customers wanted data enhanced visually, with positional accuracy rather than true accuracy.

According to GDT's Vice President of Development Jay Benson, this meant GDT's personnel -- working with a database of 60 million different lines, each line having up to 100 attributes -- had to manually move streets over very good imagery into the right place. He says the problem was that they could do only a few hundred to 1,000 miles per week with their staff of 200. "So, with 60 million segments to ultimately move, we would still be doing this in 2050," explains Benson.

They needed a paradigm shift in both technology and the number of editors working for GDT. Dartmouth College and its associated medical center -- located minutes from GDT -- are the primary employers in the region, and it was difficult to find the resources in the sparsely populated state of New Hampshire for GDT to be able to ramp up adequately.

A mutual customer introduced GDT to RMSI. Six months and one pilot project later, GDT's production output jumped from 1,000 miles a week to 100,000 miles a week. Three years later, instead of still trying to do this by 2050, RMSI has enabled GDT to realign roughly half the United States.

## One Plus One = One

After the pilot and before they negotiated a final contract, GDT issued a Request for Proposal to 13 companies in various nations around the world (including RMSI). "Only one of those companies besides RMSI was successful at producing quality data, and the other company was more expensive than RMSI," states Benson.

Most of the bidders just wanted to try to beat the price RMSI was offering, but cost was not GDT's driver. "We wanted the bidders to collaborate on a win-win solution," Benson states. "RMSI excelled at talking about how to do things differently. Some of their original ideas did not work when we threw them up on the white board; but from the beginning, it was very much a collaborative relationship."

RMSI, for instance, came up with a new way of processing. Benson says GDT's former process was to manually move the nodes (the dots at the end point of a line) and then move the shape of the line to match the contour of the road beneath it. But that necessitated a lot of finagling on intersecting roads -- much like distorting the shape of a spider web by pushing on it. RMSI was being "held back" by the rest of GDT's systems when RMSI only needed to deal with the realignment process. The provider figured out a way to break the work up into smaller portions so that a lot of people can be working on it at the same time. The new methodology, says Benson, saves both companies time and money, allowing RMSI to take on more work and allowing GDT to ramp up faster and go farther. GDT ended up getting lower cost because of the provider's expertise, even though cost had not been a driver.

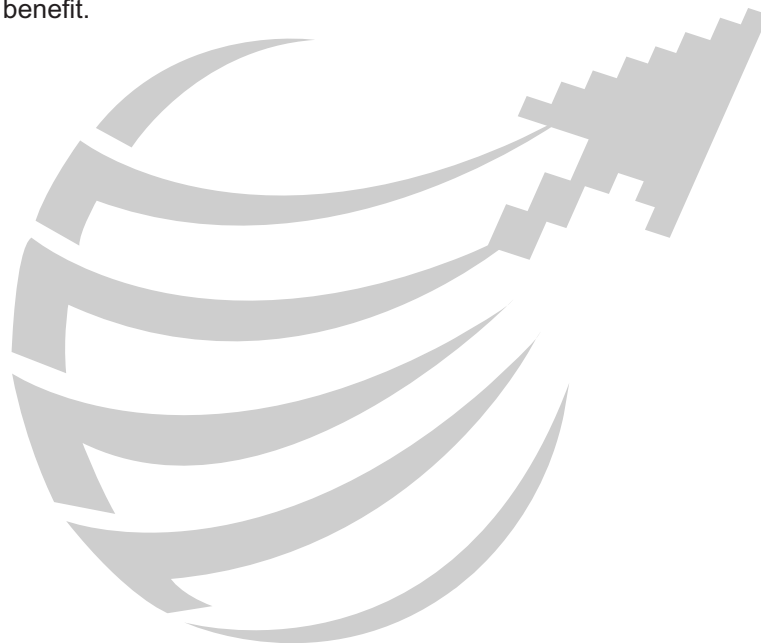
Benson says he was impressed from day one with the fact that RMSI was "willing to roll up their sleeves and help us. It helped to build trust." Once GDT created a formal contract for the work subsequent to the pilot project, the relationship became a risk-sharing opportunity with financial incentives contractually in place to ramp up even faster. "It was a win-win," he says. Since then, they have added more projects, other than realignment, and expect to continue collaborating on how to improve production for other attributes in the data set.

Would GDT do anything differently if they had to go through this initiative again? They say "no. We found someone who wanted to be a partner with us from the beginning."

New customers have resulted in GDT becoming a growing, important entity in its community. "One of the neatest things about this is that the offshore collaboration enabled us to quickly be highly competitive in the GIS market; and we've now doubled our size, creating more jobs here in the US," says Benson. "This outsourcing relationship has allowed us to do some things that, four years ago, we couldn't even contemplate getting done. Now GDT and RMSI are both on a good growth path, and we both helped bring each other along on those growth paths. We help each other do our jobs, and we both are winning."

## Lessons from the Outsourcing Journal:

- Entering a new marketplace with an outsourcing alliance will enable a buyer to have the necessary strategic resources to compete in new ways.
- A collaborative approach to outsourcing requires trust, dependability, and highly effective management skills. It also requires finding a provider who wants to be a "partner" from the outset.
- Even when cost reduction is not a driver for outsourcing, the outsourcing provider's expertise will usually result in lower costs as an added benefit.



To know more about RMSI write to us at [info@rmsi.com](mailto:info@rmsi.com)