

## FINBETWEEN

### As a start-up can you afford to outsource?

Why would a two-man start-up from Antwerp decide to outsource the development of its core service platform? Here, the people behind *Finbetween*, a complete SAAS-offering for the financial services industry, tell us why.

In February of 2009, two Belgian-based banking and IT specialists decided it was time to sit down and start their own company. Their timing, from the looks of things, couldn't have been worse. Less than six months earlier, Lehman's had imploded, the American economy plunged into recession and 'financial-crisis' became one of the most frequently used expressions ever seen on the internet – in any language.

So, what were these two thinking?

'Quite simply, we wanted to make sure that we were ready to offer our services when the crisis was over,' explains Jo Triest, founding partner along with Gunter Serneels.

'We had worked together on multiple software projects for a few years when I was an IT banking consultant for a software vendor company,' continues Jo. 'My job was to develop solutions for an online mortgage and consumer-lending broking capability – this is where Gunter comes in.'

Picking up the thread, Gunter explains, 'I was an IT freelancer in the financial services industry and managed to develop a specialised understanding of the loan financing business.'

Still, this was to become the biggest recession in the history of mankind and yet these two remained remarkably upbeat and optimistic. Why?



Jo and Gunter

'We had done software implementation projects for big financial organizations. With this background, we understood best practice and the pitfalls. We applied this experience to creating a unique approach to software development. It is this approach we not only apply in our own software implementation cycle, but that we also want to share with other start-ups and SMEs with low IT-resources or that are stuck with their older technology platforms. We sincerely believe that this approach results in high quality software services and products without having to raise costs inordinately,' explains Jo.

#### **Finbetween's SAAS-offering for brokers: Quo vadis?**

With their SAAS offering, the two had concluded that they could develop a central application that could, by taking feeds from banks on the one hand, and allowing access to would-be customers on the other, create the foundation for an online, real-time, loan brokerage service.

continued on page 2

## APPLIED DEVELOPMENT

### Communicate. Communicate. Communicate.

At *Applied Development's* delivery centre in Chennai, India, there are four teams totalling twelve people working on the *Finbetween* project. The teams are led by Vijay, Imran, Thulasi and Prabu. Working as *Finbetween's* IT division raises a number of challenges, not least amongst them being the fact that they are almost 8,000 kilometres away! How do they stay on top of things?



According to the team, the key is, 'Communication.'

continued on page 3

## FINBETWEEN

# As a start-up can you afford to outsource?

continued from page 1

Naturally, this meant developing an extremely powerful – and stable – platform across which the transactions could take place. And this is when the two faced the classic dilemma: how to create this substantial services platform with a very limited budget and without compromising on quality.

They found their answer in offshore development.

‘It is clear that big financial organisations have huge IT infrastructure and support divisions and can spend big budgets on developing software for their own service offerings and operations,’ outlines Gunter, ‘this approach results in a fixed-cost base that is not sustainable for smaller organizations. Furthermore, smaller organizations cannot afford to feed the IT-budget for new and bigger projects.’

‘To mitigate the risk from budget over-runs and failing IT projects many companies think, ‘Okay, we won’t build it ourselves; we’ll just buy it. This then gives rise to an extraordinary amount of modifications, adaptations and integration exercises that then render the projects less and less cost-effective.’

*Finbetween’s* decision to move rapidly into offshore development was by no means taken lightly. ‘We both had experience in managing IT projects with freelancers or software firms and Gunter had a lot of experience in dealing with offshoring, so we knew what we were doing,’ emphasises Jo.

‘In fact,’ adds Jo, ‘this is one of the most critical things to bear in mind: If you’ve no experience of outsourcing

and especially offshoring – be very cautious about how you approach it.’

## Seed capital. Architecture. And project management.

Both Jo and Gunter put in their own money to start up *Finbetween*, which by definition means that they don’t have big budgets to play with. But their thinking behind the decision to offshore their software development reflects the pragmatism with which they approach the problem: ‘It’s better. And it’s cheaper,’ explains Jo, adding, ‘Working with *Applied Development*, we defined the specifications and the guidelines for the code, we hired the developers through direct interviews ensuring that we define the level of quality we expect to get. Moreover, we put in place a complete software factory approach with a cloud infrastructure and an ever transparent and straight through view on the status of the development. All this ensures that the project stays on deadline and – critically – within budget. In short, we want to have full control.’

But isn’t it difficult to manage without your own IT department?

Gunter responds unequivocally: ‘*Applied Development* is our IT division. It gives us what we want without the headaches of having to manage the payroll and people on a day-to-day basis. We define what we want. And an external company delivers. It’s simple. And it’s effective.’

And has it always been so simple?

‘At the outset we underestimated the need for detailed and specific architecture. But we soon realized that

this is a challenge and that the response had to come from us. Once we sharpened the team’s focus [almost 12 people work full-time for *Finbetween* at *Applied Development*] there was no looking back.’

## Lessons for all.

The team – though satisfied with the results of their offshoring effort – feels that there are a number of lessons to be drawn from their experiences. The first and foremost is communication. According to Jo, ‘When you’re dealing with another culture, thousands of kilometres away, you need to make your points clearly. For example, we use white boards to clearly demonstrate abstract ideas and we provide close and immediate feedback wherever the need arises. Also, with our dashboard we constantly monitor how things are moving along.’

But is it a solution they would recommend?

According to Gunter, ‘If you invest in well-structured, strong in-house project management and architectural skills – as we have done – then you should have few issues.’ The scope of the project you want to undertake is also critical: ‘If you want to think long term and are able to slice and dice your scope into short term objectives you should absolutely take a serious look at offshoring. With our ‘factory’ approach to offshore development we have a highly predictable model for the output we can expect in relation to our input. With the result that this makes the cost to benefit ratio excellent.’ ■



## APPLIED DEVELOPMENT

# Communicate. Communicate. Communicate.

continued from page 1

'We have a number of different tools and mechanisms to report on progress, escalate issues or provide testing,' explains Imran, one of the Team Leaders, 'But there is a definite advantage in the fact that Jo and Gunter have a strong understanding and insight into how things work. This means we can get immediate feedback, clarify potential issues and ensure that we stay on track.'

The teams in Chennai work with a typical team foundation application to manage and monitor projects. This capability is enhanced by daily reviews internally and pre-planned weekly, monthly and quarterly reviews.

'There is a tremendous advantage to be derived from the availability and free access that we have to Jo and Gunter. It ensures clarity, transparency and allows us to remain close on a day-to-day basis,' explains Thulasi, who is working on front-end of the application.

When asked what they think the most important benefit has been of this process the answer is clear and direct: This is not for the short term. We have now laid the foundation for a strong, long-term relationship. ■



## AGENDA

## "Offshore Connect"

*Finbetween and Applied Development* are collaborating together to bring their experience in offshoring to the market. In the coming weeks, we will organise an event to present this joint solution 'Offshore Connect' to a select audience. One of the highlights of this seminar will be a showcase of clients projects to demonstrate the benefits of this solution.

More details on this event will follow.



Offshore Update is published by Ghosh+Naylor on behalf of Applied Development.

Editorial content & photography: Avi Ghosh. Design: Ghosh+Naylor.

For more information contact: Bipin Nambiar at Applied Development, Franklin Rooseveltlaan 349/T, B-9000 Gent, Belgium

Phone +32 9 265 02 20 | [bipin@appdev.be](mailto:bipin@appdev.be) | [www.appdev.be](http://www.appdev.be)