



Clickmarks

INNOVATIONS IN INTEGRATION.
INNOVATIONS IN INTEGRATION. IN TIME.

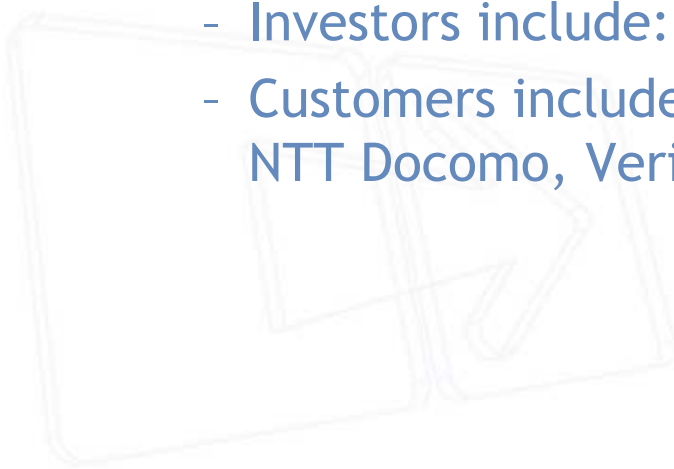
OPEN FORUM 2004

Workshop I: Offshoring Case Studies
Clickmarks Case Study

Clickmarks Introduction

- **Clickmarks Overview**

- Silicon Valley based software company
- Portal and Mobility Solutions for the Enterprise
- Founded in 1999 by MIT Graduates
- \$26 Million in Venture Capital
- 4 Patents Granted, 24 Patents Pending
- 50+ employees; Offices in California and Karachi
- Consistent revenues since 2000
- Investors include: DFJ, Mitsubishi, Vodafone Ventures, Entrust
- Customers include Vodafone, Unisys, Sun Microsystems, NTC, NTT Docomo, Verizon Wireless, Unify, Mitsubishi



The Case for Setting Operations Abroad

- Cost of doing business in the US is expensive
- The decision to go offshore was not IF, but When and WHERE
- Pakistan vs. India:
 - Cost +
 - Churn +++
 - Precedent -
 - PR/Political Image:
 - Perception - - - - vs. Reality -



Implementation: Timelines

- Decision to go to Pakistan: November 2002
- Paperwork filed: December 2002
- First employee hired: January 2003
- Move into shared office: January 2003
- Move into own office space: April 2003
- Employee count:
 - March 2003, 8 employees
 - December 2003, 22 employees
 - December 2004, 35-40 employees (projected)



Implementation: Realities

- Time zone overlap with California is near zero
- Communication via email is often frustrating
- Electricity and Bandwidth reliability are issues
- Major Commitment Needed for Training
- Talent pool is large- Experienced Talent Pool is small
- Middle Management experience is low
- Employee talent pool for Product companies is limited



Implementation: Results

Actual Cost Impact:

- Monthly Cost for a 16-18 employee operation: \$9,000
- Monthly Cost (loaded) of an engineer in US: \$9,000

Productivity Progress:

QA & Maintenance

Development

Marketing & Sales Support



Conclusion

- Establishing operations in Pakistan IS working for us
- The process required total executive management commitment
- Our Pakistan team rivals our US personnel in Talent and Productivity
- Expanding to Pakistan:
 - Reduces cost of development and QA
 - Reduces cost of sales support and marketing
 - May increase profit margins on revenues
- Labor Arbitrage is not (just) a service to the nation
 - The ABC of Arbitrage: Alterego (dead) vs. Brience (dead) vs. Clickmarks (growing)

The Bigger Picture: The Challenges

- **Precedents** -
 - Pakistanis here and abroad have to create successes and publicize successes
- **Education/Talent Pool** +/-
 - Short term: Low Demand makes it a non-issue
 - Long term: Low Supply could be crippling
 - **The optimist's view: Demand will drive the Supply**
- **PR/Political Image** - - - -

