

THE TRIPLE CONSTRAINT - CHEAP, FAST OR GOOD? PICK TWO.

“Mainstream’s rate was 50% more, but delivered 100% of the requirements in 25% of the time and the saved us 62% over what we’d spent before.”

Executive Summary

In our pursuit of excellence, why is it that we’re reluctant to invest in excellence? An hourly rate is generally used as a key factor for selecting a software provider. It’s assumed that all software developers are created equal which couldn’t be further from the truth.

The reality is that rate is a good indicator of supply and demand and nothing more. An average rate could be translated to mean ‘average’ skills and experience.

Mainstream is a destination employer of experienced software professionals. Our staff averages 15 years’ experience in their craft with 7 of those being with Mainstream. One of our primary areas of focus is acquiring top talent, cultivating it and unleashing it for our clients. For this very reason, our rates are higher than some, but our ability to deliver has been validated by a successful 18+ year track record.

The following case study is based on the experience of a Mainstream client. They were savvy enough to track the entire effort and resulting costs associated with building a custom software package. As a result there is verifiable data to substantiate Mr. Jobs’ claims that the quality of people working for you **does** impact your business.

Challenge

Client A found themselves in a struggle to deliver a new software solution to a key stakeholder in a timely manner.

Originally when tasked with the project, they were at full capacity managing day to day

“The difference between the best worker on computer hardware and the average may be 2 to 1, if you’re lucky. With automobiles, maybe 2 to 1. But in software, it’s at least 25 to 1.

The difference between the average programmer and a great one is at least that.”

- Steve Jobs

activities and chose to meet their obligation by augmenting their staff with a contractor. They reached out to their source, reviewed the options, identified the most competitive rate and chose a candidate to work alongside an internal resource who had been assigned to the project.

After 3 months they had only delivered 10% of the functionality. At this point, the lack of progress alarmed management because the pace of progress created a risk of failing to meet the deadline promised to the end user.

Client A: Phase 1

Initial Effort - Staff Augmentation/Internal Resource Overview

<u>Resource</u>	<u>#</u>	<u>Rate*</u>	<u>Hours of Service (3 months)</u>	<u>Relative Spend* Rate x HoS</u>	<u>% Project complete (3 MONTHS)</u>
Contractor A	1	\$1.00	480	\$480.00	10%
Internal Resource	1	\$1.00	480	\$480.00	
Total	2	\$1.00	960	\$960.00	

*The Rate & Relative Spend is a representative amount for illustration purposes only

Table 1

Realizing they were at risk they reached out to Mainstream Technologies for help.

Solution

Mainstream was given the leeway to assign two FTE (full time equivalent) resources, yet the project required a blend of 3 distinct skill sets.

Mainstream’s **LEAN SOURCING™** service offered our client the flexibility to utilize resources on a **fractional basis**. This allowed them to dynamically deploy the right resources when needed, for only as long as needed.

Once the agreement was completed, Mainstream redesigned the solution from the Initial Effort and completed the project in 3 weeks. Having delivered the initial requirements well in advance of the due date, the client chose to proceed with Phase 2 feature enhancements

Client A: Phase 1
Mainstream Technologies' Effort

<u>Resource</u>	<u>#</u>	<u>Rate*</u>	<u>Hours of Service</u> (3 weeks)	<u>Relative Spend*</u> Rate x HoS	<u>% Project complete</u> (3 WEEKS)
MTI	2	\$1.50	240	\$360.00	100%

*The Rate & Relative Spend is a representative amount for illustration purposes only

Table 2

Recap

Beyond meeting the initial obligations well in advance of the deadline, the client had indisputable evidence that a provider's hourly rate wasn't a meaningful indicator of the **FINAL COST OF THE SOLUTION**.

In this example, Mainstream's hourly rate was 50% higher than the competition, but the **FINAL COST OF THE SOLUTION** was 38% of what had been spent for the Initial Effort.

- **The Initial Effort**
 - Term – 3 MONTHS
 - 2 FTE resources
 - 10% of requirements were completed but deemed unusable
 - Stakeholder delivery date was at risk
 - Resulted in a 3 Month delay and loss of productivity
 - Total Relative Cost - \$960

- **Mainstream Technologies' Effort**
 - Term – 3 WEEKS
 - 3 resource assignment within a 2 FTE budget allocation
 - 100% of the requirements were delivered to stakeholders
 - On time delivery with additional Phase 2 features
 - Total Relative Cost (Phase 1) - \$360.00 (38% of Initial Effort)

Impact

- The Initial Effort took 4x times longer (960 hrs) than the Mainstream Effort and resulted in 10% of unusable software
 - total relative spend - \$960
 - resulted in a 3 month delay in progress
- Mainstream's Effort took 75% less time (240 hrs) to complete the project (100%)
- Client A spent 62% less than the Initial Effort with Mainstream at a 50% higher hourly rate

Conclusion

There are any number of factors that contribute to the **FINAL COST OF THE SOLUTION**. An hourly rate is certainly a factor, but if you believe Steve Jobs, you get what you pay for. The quality of the people you surround yourself with **does** make a difference.

If you aspire for excellence, can you expect 'average' to get you there?

For More information

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