

April 11.....

Inside Outsourcing™



INTERVIEWED BY LARRY JANIS

Inside with:

Monty P. Hamilton, CEO, Rural Sourcing, Inc

Rural Sourcing, Inc. is the leader in domestic sourcing, a cost-effective alternative to off-shoring for technology development and the ongoing support and maintenance for critical business applications. RSI leverages skilled IT resources in Development Centers located near universities in 2nd and 3rd tier cities across the U.S. Due to a lower cost of living and our proven delivery methods, RSI is able to provide costs savings of 60-70 percent for our clients. Well-trained employees with a strong work ethic living in low cost of living, high-quality of life cities enable RSI to deliver exceptional value for their clients. Inherently, this value comes without the obstacles of time zones, distance, language, and geopolitical risks associated with offshore models. Over the next few years, Rural Sourcing, Inc. intends to create 3,000 new technology jobs in the US by establishing development centers in non-metro, low cost of living cities across the United States..



LJ: As the CEO of Rural Sourcing, what are your responsibilities?

MH: Responsible for leading the strategic direction and the growth of RSI to launch 30 new high-tech hubs across the US and create 3,000 technology jobs in tier 2 and tier 3 US cities.

LJ: What has been the reaction of clients to your business model?

MH: Clients have been overwhelmingly receptive to the business model. For most of them this is the first time they've heard about the option of outsourcing to an onshore development center. Our clients have been enthusiastic about getting the benefits of lower costs without having to go outside the US. This rural sourcing approach enables clients who have not tried outsourcing or clients who have been unsuccessful at it the opportunity to get the advantages without all of the associated risks.

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FROM THE EDITOR

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Inside Outsourcing's goal is to provide you with articles of interest and with a forum for the exchange of information in this rapidly evolving industry.

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LJ: Given the current economic environment, do you see companies approaching outsourcing any differently? Please elaborate.

MH: Definitely. Five to ten years ago, companies only considered price when considering an outsourcing partner. This is not the norm today. As a result of a maturing outsourcing industry, CIOs today are smarter, more experienced, and more savvy about their outsourcing decisions. Therefore, they are looking beyond the simple cost per hour as they start to see the forest through the trees. Evaluating the total cost of outsourcing these days includes efficiency levels of a given firm, turnover rates, onsite/offsite ratios, additional hours needed to be worked as a result of time zone incompatibilities in addition to the standard hourly rate. And beyond the direct costs, buyers must also take into account macroeconomic issues that are rapidly changing the cost calculations. For instance, the inflation rates in India have been 13% and 16% the past two years respectively.

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LJ: Are there geographic regions and/or vertical industry segments that seem to be moving faster than others?

MH: We don't really see any significant geographical differences across our clients or pipeline as we have clients across the US regions. Within the vertical market we are seeing three specific industries that are especially active in looking at onshore alternatives – healthcare, pharmaceuticals, and software. The first two industries, healthcare and pharmaceutical industries have certain regulatory standards (HIPPA & FDA compliance) and security requirements that make IT outsourcing more of a challenge when going offshore. However, these industries are under a great deal of pressure to reduce their costs within IT. By taking advantage of rural sourcing we are able to meet their regulatory demands and reduce their costs while still keeping everything onshore



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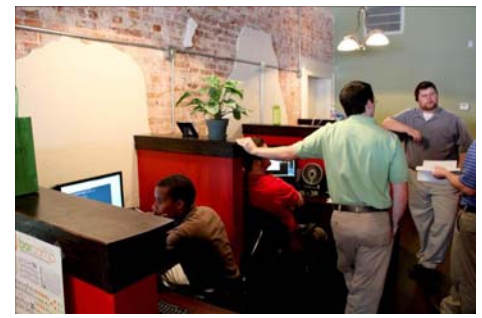
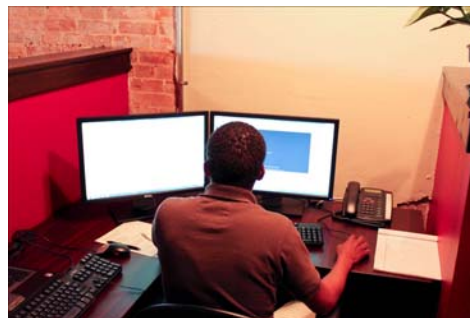


LJ: How would you define Rural Sourcing's competitive advantage in the outsourcing marketplace?

MH: Two points here. The first is that we are simplifying the complex world of outsourcing by “changing the experience”. We are taking the much of the risk of outsourcing out of the equation. We are doing this by removing many of the issues that have long been associated with sending complex software development work offshore. We are making it easy for businesses to get their head around how will work together. In many ways we operate just like the client’s IT staff only we sit in another building.

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Secondly, as the rural sourcing model is becoming more widespread, Rural Sourcing is quickly becoming the name brand for the model. We have been in business since the beginning of 2004 and are early pioneers in the concept. This has allowed us to gain knowledge and the experience necessary for a successful partnership with our clients.



The photos above were taken at the Jonesboro facility

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LJ: What has enabled you to be successful?

MH: Several key factors have been instrumental in our success. The first of which is the economy. Due to the economic recession companies large and small had to re-evaluate how they did business and their spending practices. Rural Sourcing enables companies to get more done with less spend. Secondly, the maturing of the industry as a whole has made buyers more careful and wary of the promise of IT skills at super low hourly rates. They now understand that the hourly rate is only one component that needs to be plugged into the equation to get to a Total Cost of Service. Furthermore, outsourcing, according to Forrester Research is a \$250 billion industry. And today about half of those clients within that industry are unhappy with services they buy. That is a rich ground for an innovative solution such as Rural Sourcing. Lastly, and most importantly, we have a great team working at RSI. Your people are your brand, and our people have passion for the work they do and for the clients they serve. Without great people carrying out the day-to-day tasks for our clients, we would not be where we are today. That passion is driven by giving people an opportunity to do what they love to do, but not force them to live in a large metropolitan area just to have that job.

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CONTACT US:

Phone: 516-767-3030

Email: janis@issg.net

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