

Verigy Ltd.: A New Outsourcing Model for a New Company

In 2006, Verigy Ltd. was spun off from Agilent Technologies and quickly completed an IPO. As a newly independent organization, Verigy needed to move off of its former parent company's IT systems and begin operating its own Oracle applications.

The Cupertino, California-based company had decided early on that it wanted to work with an outsourcing partner to manage its applications in order to control costs and support the company's strong focus on its core semiconductor test business. Conventional wisdom said that the company should look for a large outsourcing vendor who would shift the bulk of the applications management work to a low-cost country overseas. But experience had shown Verigy CIO Todd Hauschildt that such approaches often relied on several layers of management and large numbers of inexperienced employees—which can translate into long learning curves and delays that can offset the initial cost advantages of going offshore.

Staying Onshore—and Saving Money

Verigy wanted to find a better way, and so worked with Centroid, a Detroit-based outsourcing and consulting firm, to pursue a different application outsourcing model. Centroid's approach relies largely on a relatively small, highly experienced onshore staff when working with US companies, with only limited use of offshore workers for very targeted portions of projects—a structure that makes it easier to stay in touch with the client company's needs. The result, typically, is the ability to provide quality services at the same cost—or usually, less cost—than offshore providers.

With Centroid's managing its Oracle systems, Verigy has seen:

- **Shorter time to value.** Verigy was able to reduce implementation time and transition systems from its systems integrator to Centroid a month and a half ahead of schedule. .
- **High service levels.** Service levels have been consistently met or exceeded, and availability for critical systems has been in the 99.99% range.
- **Lower costs.** Centroid's approach has proven to be more than 10% cheaper than the traditional offshoring-based models.
- **Rapid responses.** With minimal layers of management, Verigy has easy access to the right skilled people and decision makers at its outsourcing partner.

With a skilled partner, Verigy is also in position to pursue ongoing IT improvements to keep its applications in step with evolving business needs. "We're always working together to figure out how to do things better than we do them today," says Hauschildt, "and the strong relationship we have with Centroid makes this continuing evolution easier."

To download the complete Verigy Ltd. Case Study, please visit:

www.oraclewhitepapers.com/reg/52476

www.centroid.com

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