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information services

# Offshore Software Development

Ben Gherezgiher  
State Chief Information Security Officer

Terrence Woods  
State Chief Information Officer

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Management and Technology

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## Agenda

- ▶ Definition and Examples
- ▶ Risks of Offshore Software Development
- ▶ Offshore Software Development Guidance
- ▶ State Chief Information Officers Query
- ▶ Virginia IT Control Approach





## Definition and Examples

- ▶ Definition: "Offshore software development" means outsourcing the process of creating or maintaining software to a company or team located in a different country
- ▶ Examples:
  - Systems support call center
  - Software development
  - Application and database maintenance support
  - Network and compute infrastructure support





## Risks of Offshore Software Development

- ▶ Data Security and Privacy Risks - may expose sensitive state data to jurisdictions with weaker or inconsistent data protection laws and regulations
- ▶ Risks to cyber attacks that can originate from an offshore entity and have impacts to onshore operations
- ▶ Compliance Challenges - adhering to state, federal, and international compliance requirements becomes more complex when development activities occur outside U.S. jurisdiction
- ▶ Operational Risks - time zone differences, language barriers, and potential communication gaps can disrupt project timelines and quality assurance processes





## Risks of Offshore Software Development

- ▶ Third-Party Dependency Risks - reliance on offshore vendors may reduce the agency's control over critical software development activities, creating vulnerabilities
- ▶ Workforce and Human Rights Concerns - Offshoring software development raises broader human rights and labor considerations regarding principles of fair labor practices, prevailing wages, and the promotion of ethical working conditions







## Offshore Software Development Guidance

- ▶ Follow Cyber Security Services Guidance
- ▶ Develop a monitoring and control plan
- ▶ Document risk mitigation strategies
- ▶ Ongoing vendor oversight
- ▶ Evaluate ethical impacts





## National State Association of State CIOs Query

### ► State of Missouri

- allow offshore development in certain circumstances, with background checks
- not allowed on state of Missouri network
- not allowed to log into production environments and not allowed to have any production data

### ► State of New Mexico

- incorporating language in IT procurement templates; written exception process
- subcontractors and any of their personnel must physically perform any services contracted by the State of New Mexico in the United States
- may specify more restrictive work location requirements


### ► State of Ohio

- Governor DeWine issued an Executive Order prohibiting offshore; language is included in contracts [governor.ohio.gov/media/executive-orders/2019-12d](https://governor.ohio.gov/media/executive-orders/2019-12d)





## Virginia IT Control Approach

Confidential/Proprietary Information		
 SEC 530 Mapping Document for SaaS Control Group	Control Specification	Assessment Question
System Maintenance Policy and Procedures	Establishes a process for maintenance personnel authorization and maintains a list of authorized maintenance organizations or personnel.	Do you have a documented process for maintenance personnel?
	The organization shall develop and publish a maintenance personnel policy that requires all system/service maintenance and support be performed by United States citizens or individuals with a valid H1B visa.	Can you attest to the fact that system/service maintenance and support will be performed by United States citizens or individuals with a valid H1B visa?







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*Thank you*

Shirlene Gonzalez

Legislative Director

[shirlene.a.gonzalez@das.oregon.gov](mailto:shirlene.a.gonzalez@das.oregon.gov)

