

\*\* Will print automatically! If it doesn't, click [here](#). \*\*

# CRAIN'S

NEW YORK BUSINESS

## The Bronx takes on Mumbai for IT outsourcing

Doran Jones has built a software testing empire in Port Morris, with local workers and a new approach to finding capital

Matt McCue



*Buck Ennis*

Doran Jones' co-CEO Keith Klain is creating jobs in the Bronx

**Published:** January 26, 2016 - 12:01 am

Doran Jones co-CEO Keith Klain began forming visions of creating an outsourcing powerhouse on the banks of the Harlem River as he flew from New York City to places like India, Eastern Europe and Singapore to visit offshore software consulting company vendors. Why travel halfway around the world, he wondered, when you can set up a facility a mere seven miles from midtown, where many of the company's financial-services clients' offices are?

And so Doran Jones—named after co-founders Glenn Jones (who has since left the firm) and current co-CEO Matt Doran—set up its technology hub in a warehouse on East 138th Street. From this location, directly across the East River from Rikers Island, Doran Jones is

reimagining the idea of offshore staffing by running a profitable business using local employees.

### FOCAL POINTS

**LOCATION** 804 E. 138th St., Bronx

**FOUNDERS** Matt Doran and Glenn Jones

**GOAL** The company is looking to fill its current facility with employees, including adding 300 more workers during the next two years. Doran Jones is also exploring adding a second location in another city.

### BOTTOM LINE

Employees: 53

2014 revenue: \$3.5 million

2015 revenue: \$5.5 million

2016 forecast: \$10.2 million

“We want to be the onshore outsourcing alternative to India,” says Klain.

In September, Doran Jones opened its 15,000-square-foot IT facility in partnership with Per Scholas Inc., a national nonprofit that teaches tech skills to people in economically disadvantaged neighborhoods. The office has the feel of a tech startup: open-plan seating, TVs for webcasting, whiteboards and a Playstation in the break room.

The company has 53 employees now working to develop and test custom risk-management and claims-adjustment systems for Fortune 100 financial and insurance companies. Approximately 80% of Doran Jones’ staff came from its training program with Per Scholas, and the company currently hires about a third of the program’s graduates.

## **Twenty minutes from Grand Central**

“Executives in the testing space spend a lot of their time on planes going to India or Eastern Europe,” said Doran, who leads the team’s sales efforts and previously worked in the structured-finance group at Fitch Ratings. “The sheer convenience of being 20 minutes from Grand Central Terminal is something these guys love.”

Still, selling investors on the idea of an IT center in the Bronx wasn’t easy. Despite being on the edge of Manhattan, the South Bronx is a world away from the financial capital of the universe.

“We spent a lot of time asking for money and not a lot of people were open to the risk profile of doing this in the Bronx,” said Klain.

So Doran Jones got creative. It went to private philanthropic funders and asked them to give grants to Per Scholas, which used the money to construct the facility. Doran Jones is leasing the space from Per Scholas and sharing 25% of the unit’s profits with them.

“This is a huge paradigm shift for the nonprofit world,” Klain said.

By keeping its investment costs relatively low and maintaining company ownership, Doran Jones provides a cost-competitive alternative to offshore firms. It previously provided its services on-site at clients’ offices.

Sales figures show onshore staffing can work. Doran Jones had revenue of \$3.5 million in 2014 and \$5.5 million in 2015, and projects \$10.2 million this year.

Klain, who has 29 years of IT experience working for large banks, said the level of education is what separates his employees from those outside the U.S. “In the traditional software testing in India, the attrition rate is high and the quality is low,” he said. “We focus on software testing as a real career and skill set.” Half of the Per Scholas hires have college degrees, he says.

All new Doran Jones staff members complete a 15-week technology training program taught by Per Scholas. Then they tackle an eight-week software testing program led by Doran Jones. “We give them a job or, if we don’t have a job, we help them find one in the open market,” said Klain. “That is part of the partnership.”



*Buck Ennis*

Doran Jones' proximity to midtown makes it an attractive alternative to offshore outsourcing

rise.”

“Doran Jones is a classic India alternative,” says Allie Young, a technology analyst at Gartner. Young looks at four elements to measure an onshore company’s success, and Doran Jones has them all: a competitive labor market; proximity to clients; a clear, niche focus; and an education pipeline. “It is well positioned,” says Young. “Its growth suggests they are scaling effectively.”

Doran Jones has signed nondisclosure agreements with its clients, but says it is bullish on its prospects. The company is looking to grow to 150 employees by midyear, and to 450 workers by late 2016.

“The Bronx is shedding the old stereotypes,” said Borough President Ruben Diaz Jr. “We still have work to do, but crime is down, jobs are up and we are on the

---

# **CRAIN'S**

NEW YORK BUSINESS

Entire contents ©2016 Crain Communications Inc.

---