



The Goa Agenda – Outsourcing Challenges Ahead
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BACKGROUND PAPER

Organized by



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Outsourcing – Challenges Ahead

There is little doubt that outsourcing is an exciting challenge. It is a lively and controversial topic. We would like Goa Agenda to be a forum, which will provide an avenue for debating various aspects and issues related to outsourcing.

Perhaps the best way to approach the challenge of outsourcing is to quote from an April 1 posting for Lunar jobs by Google. (http://www.google.com/jobs/lunar_job.html)

"Google is firmly committed to using only earth-originated staffers and no jobs will be outsourced to lunar residents or those from other planetary systems unless the skill sets they offer cannot be easily replicated by native born terrestrials. ...

Applicants must be at least 18 years of age by April 1, 2007 and have proof of earth residency. Google is an equal opportunity employer."

Whether outsourcing of IT is causing a greater concern in the West in comparison to the move of factories to China is hard to say. For every unfavourable comment, there are favourable ones as well. See The Outsourcing Times - <http://www.blogsourc.org/blog/>

One person felt that India was being singled out and it was distracting from the real issues. His blogs can be read at Blame India Watch - <http://www.blameindiawatch.blogspot.com/>

We look forward to the speakers exploring the opportunities and the challenges which lie ahead of us - technical, economical, political social and emotional.

The core issues and opportunities can be divided into 4 parts.

- The Common Impact – Social, Economical and Political Opportunities and Concerns
- Research and Development
- Software and Product Development
- BPO

1. The Common Impact - Social and Political Opportunities and Concerns

Earlier outsourcing activities required transfer of material. IT outsourcing, on the other hand, requires only the transfer of information. In the new connected era, transfer of information has become very easy and inexpensive.

A few of the positive and negative issues are indicated below:

- Export of jobs is so easy; that there will be no jobs left in the West. If West loses its wealth, where will the outsourcing jobs in places like India come from? Hence, it just cannot happen.
- Job exports will create social tensions. Outsourcing reduces migration of people, hence, reduces social tensions.
- West will be weakened by reduced wealth. World will be stronger with reduced poverty.
- Will India be able to manage the social issues, especially the emotional ones? Many to be laid off may be of Indian origin who had migrated in the recent past.

What steps should the industry take to ensure that adverse publicity is kept at a minimum?

Can we demonstrate that the success in India is creating a surplus, which is helping improve life of people in countries worse off than ours?

Can we demonstrate that the success in IT is reducing the perception of corruption in Indian society, hence improving the lives of a very large number of people?

2. Research and Development

From a survey by the R&D Magazine, it is estimated that the total expenditure on R&D will be of the order of US\$ 280 billion.

- About 25% of all R&D will be performed on contract with outside performers, 4 to 6% of the above will be off shore. It adds up to about US\$ 3 to 4.5 billion.
- Salaries account for 45% of the R&D expenses.
- There is expected to be a shortage of qualified personnel. Not enough students joining graduate studies in engineering and sciences and aggressive recruitment by industry of students without (post)graduate degrees.

- Greatest impact in Information Technology and Biotechnology fields.
- The number of foreign students in US graduate schools is as high as 50% in some departments. (from a symposium on Visa and global outsourcing issues)
- Visa difficulties prevent companies from hiring foreign scientists.

The opportunities seem ripe for India – but...

- Do we have enough qualified personnel?
- Is adequate, high quality graduate education available in India?
- Is it economical for a person who has studied in the West to return to India and work here?
- Can the Industry help in stimulating and invigorating the Universities?

3. SOFTWARE AND PRODUCT DEVELOPMENT

This is a mature area for Indian software industry.

How is this area changing and evolving?

What is the impact of Open Source on Indian industry? Many foreign organisations have set up development centres for Linux and other Open Source products in India. Will this move have an impact on the commercial software market? Are our earnings linked to closed source?

Is there a shift in the type of software services work being done for foreign companies? Do we need to learn new skills?

Is our manpower need being met?

Is an engineering degree in almost any subject more important or a computer science degree?

Why are BSc Comp Science or IT students not getting enough opportunities in programming? Is it a problem with the students, the quality of training or the perception of the Industry?

4. BUSINESS PROCESS OUTSOURCING

This is the catchall for all other IT related activities. Many of the questions in this remain the same as above; other examples follow.

Are there new opportunities, which could be considered?

Goa has a rich culture of music. Is there a possibility of re-mastering old music digitally?

With our English skills, can we increase the share of content produced in India for the Internet? Would that help in moulding international opinion? Can we become an important source of information for the world?

Can BPO's be the miracle that saves our cities? Should we 'outsource' to the smaller towns and consciously make the effort to minimise migration of people to the major metros? What is needed for the Industry to help in expanding the benefits of growth to smaller places? Or will the IT boom inevitably lead to even bigger cities, at least in our environment and places like Goa destined to remain the relaxation places for the residents of metros?

Can we create a substantial domestic market for our services? Is there a need? If so, what is preventing it?

Is there a need to have a code of conduct like the "Equal Opportunity Employer" in India as well for the IT industry, especially BPO because that is likely to be the most significant employer? Can this industry become the trendsetter in raising social equity and responsibility to a new level?

Summary

In this note we have attempted to raise issues, which could be discussed and debated so that the government and industry can focus on the issues more effectively, and take proactive and preventive actions as appropriate. It is imperative for our nation that the progress initiated by the IT industry sustains itself and the industry grows rapidly. Our industry is the hope for millions.