



Ask the Expert

Ask the Expert offers you the opportunity to pose questions to industry leaders. Every two weeks a new discussion topic will be posted. Specific questions will be selected to be answered by that month's expert. *Experts will no longer respond to questions once their time commitment has expired.*

Topic: Offshore Outsourcing

Questions for Richard Mills

Answers to these questions provided by:
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Question 1:

My question regarding outsourcing has to do with its negative social consequences. Will the lessons learned from the manufacturing outsourcing era of the last century lighten the impact of IT outsourcing, or is there no parallel? Is all this hand wringing over IT outsourcing justified?

"I don't agree with the premise of your question. Anything that increases the productivity of American workers will increase their standard of living. This has been the lesson in the past and I don't understand why this might have changed recently.

The manufacturing outsourcing era is an excellent example of this process in action. Today, it costs \$2.65 to manufacture a running shoe in China that will retail for \$100 in the US. Most of the value of the shoe is not in the manufacture of the physical object; it is in the design, advertising, retailing, promotion, etc., to make people want to buy it in the first place. American companies outsource low-end manufacturing because why would they want to spend any time on something that adds so little value. Let the Chinese compete ruthlessly for that \$2.65. Americans are paid more than Chinese because the work they do is more valuable.

During the IT revolution over the past couple of decade, dramatic productivity increases were experienced. We used to employ vast numbers of clerical staff to do back office-processing roles. If you are older than 40, you may remember the armies of clerks required to do manual paper-shuffling in purchasing, payables, HR, shipping, warehousing, insurance processing, bank processing, government processes, secretarial work, etc. etc.



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Today, millions of those jobs have disappeared because they were replaced (outsourced) by computers. CEO's spent hundreds of billions IT over the past 20 years even though we all know they hate IT. What warmed their hearts was cost reductions by getting rid of millions of their employees. If you are older than 40, you will certainly remember the outcry years ago about this.

While this all sounds terrible, it really isn't for one simple reason. American workers are not stupid people. If they find themselves laid off from a job, they go and do something about it so they can earn more money.

The displaced workers retrained themselves and/or upgraded their skills so they could earn higher incomes in related or new industries. Today, the US still has a massive garment industry (including shoes) but it only cares about doing the parts of it that are most important such as design, advertising, brand building and the like. Let the third world countries do the low value tasks such as actually making the physical objects.

We live in a time of great opportunity for Americans since services such as coding computer programs can be off-loaded for lower cost to third world employees.

The process of outsourcing is nothing new and has always resulted in higher productivity and incomes for American workers in the past. There is not reason to think anything has changed today. Unless, that is, you think that Americans have suddenly lost their traditional we-are-the-best-and-nobody-will-beat-us attitude that has made the number one in so many industries."

Question 2:

The Philippines used to be a hot spot for outsourcing. What happened to them?

"I disagree. In my opinion, Philippines has never been a hotspot for outsourcing. The country had the same head start that India had years ago during the Year 2000 craze. India worked hard to create dozens of world-class outsourcing organizations and Philippines created almost none. Even today, the penetration of the outsourcing sector in Philippines is said to be 3 or 4 years behind India.

It is hard to understand why this is. According to most business leaders, Filipinos speak better English, have a better customer service mind-set and the cultural gap is less. India is reported to have better technical universities but Philippines is said to be better in liberal arts (more appropriate for back-office outsourcing). Philippines is also said to have better infrastructure and expatriate life-style.

So why has India outpaced Philippines to such a degree?



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It is an issue that no one seems to have a definitive answer. Some of the reasons I hear are:

1. **Better Marketing** – *India has Nasscom, a one-stop association for the entire Indian outsourcing industry that has done a fabulous job of promoting India to the world. Philippines, despite being a much smaller country, have between 6 and 10 various outsourcing associations (the actual number keeps changing), all supposedly promoting Philippines. These associations are a fractious bunch that seems to be constantly battling within themselves and against others who try to unify them. The result is that none are large enough or competent enough to effectively market the Philippines to global organizations. They seem to spend their limited energies promoting Philippine outsourcing to other Filipinos, not a productive endeavor.*
2. **Better Senior Managers and Entrepreneurs** – *It was reported during the dot-com boom times that close to 40% of Silicon Valley startups were founded by Indians. (A joke at the time was that all it took to start a dot-com was 4 Indian engineers and an American guy to sell.) Indians are clearly an entrepreneurial people who know what it takes to build world-class businesses. Filipinos, on the other hand, don't seem to have that same need for the recognition that building successful businesses entails.*
3. **Bad Security Perception of Philippines** – *Until recently, there was a real threat that India would go to nuclear war with Pakistan over the Kashmir region. Such a war would be in addition to the 2 previous wars these countries have already fought in just the past few decades. They still lob a few missiles at one another even today. For some reason, India was better about keeping information from the American public. Philippines has a few Muslim insurgents who sometimes take a few hostages to sell for money. They are located far, far in the south away from the major outsourcing centers and the numbers of people harmed in these disruptions are significantly less than have been harmed in India. Yet, most Americans see and read about these occurrences and have the impression that it is the more dangerous. The vagaries of public relations seems to be something the Filipinos have been poor at mastering.*

I am sure there are other reasons but these might be a start. The question for the future is whether Philippines will succeed as an outsourcing destination in the face to tremendous competition from dozens of other countries who also want to develop outsourcing industries.”

Question 3:

Do you see the supply of suitable technical resources in Asian countries to be sustainable? It is not uncommon to see good people get lured abroad, who gets left behind? Will we reach a saturation of the market and rates start to rise to US/European levels.



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"We will certainly see rates starting to rise. We are already seeing this in India and China now. Employment growth rates over the past few years have been unsustainable – 50% to 100% hiring growth cannot continue indefinitely.

But remember that there are a lot of people in Asia. India and China each have about 1B people and if you include everyone else in Asia, you should surpass 2.5B people. This is without considering Russia and all of the eastern bloc countries. We could even add South America and parts of Africa. The total of all of this well over half the world's population. By comparison, the entire population of North America, Europe and Japan is less than 1B people.

Under such circumstances, it seems clear that in the long run we will not run out of candidates for outsourcing work. This is good since it means that we will be able to offload our lower value work at lower and lower costs. Our future work will involve higher and higher value functions that justify higher and higher incomes for us in the developed world. Outsourcing ensures our productivity and standard of living will continue to increase."

Question 4:

How effective and reliable are offshore resources during Katrina/Rita type circumstances? Having considered some level of offshore cost savings, my thoughts are, today, "thank goodness we kept it in house"... the level of close attention and quick response it took to work through these past few weeks was amazing; and trying to do the same with resources on the other side of the planet seems impossible.

"It is interesting that you should mention Katrina/Rita. These events have been much talked about lately in the Asia Pacific outsourcing community lately.

As one example, I had lunch with a fellow who runs a large outsourcing operation for one of the world's largest insurance companies. He said he has never had a disruption in 3 years until Katrina. His operation is supported by a group of 26 Citrix servers close enough to one of the US hurricanes that they were shut down for a day and he had to send everyone in Philippines home. Nobody had thought to have an alternate group of servers ready for such a situation.

However, when the servers were back on-line a day later many of the southern US processing centers were not yet functional. His Philippine operation was of critical importance to process the titanic number of claims the company was receiving. The result was a response time that was praised by the company's customers. Many of the company competitors were not so highly glorified. The overseas operations made all the difference.



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I heard similar stories from other senior people. The lesson that seems to be important is that rich countries can sometimes be as disruptive as the third-world and it is important to have geographic alternatives that are able to support each other in times of need.

Likewise, offshore operations would have helped enormously during the 9/11 terrorist attacks. Many reading this may remember how traumatized many of the country's leading financial firms were in the weeks after the attacks and the setbacks experienced by America's (and the world's) largest financial industry. If these firms had had offshore facilities in place, the economic impact would not have been as great. The situation would still have been terrible in human losses but the economic blow would have been less and in one respect we could have been able to tell Bin Laden to kiss our arses."

Question 5:

Do you think it is logical to have an office in Hong Kong as the BPO hub to manage outsourcing since Hong Kong is known as a general hub between Eastern and Western cultures? Are there currently any multinationals doing this?

"Hong Kong is one of the world's finest hubs for the transport of objects. Services outsourcing is not about objects, it is about data. In my opinion, it makes no sense to be a general hub to manage outsourcing initiatives. I have not heard of any multinationals doing this. The "hubs" for outsourcing occur inside the heads of individuals and through their relationships with others.

Some organizations have Asia Pacific regional offices in Hong Kong or Singapore that sometimes are involved in selling projects and initiatives but they seldom play anything outside a superficial role from my experience."

Question 6:

What is Philippines' "USP" (Unique Selling Proposition) or "Differentiator" in the Outsourcing/ Off shoring marketplace especially in the BPO & Call-Center space? It seems that the industry in the Philippines doesn't have a very clear long-term vision -- does this augur well for the industry?

"You are exactly correct, in my opinion. Vision is sorely lacking in the Philippine industry.



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Some of you may know that Philippines were previously a US colony -- sorry, I mean protectorate. Americans built much of the country's railroad network, its ports, public education system (teaching in American English, of course), even the government and judicial systems are modeled after the American. Even today Young Filipinos follow American fashion trends and US watch television programs. More than a few of them dream of one day immigrating to the US. The result of all of this is that Americans find Filipinos very easy to work with compared to everyone else in Asia.

In my opinion, this Closest-to-America-in-Asia is the Unique Selling Proposition of Philippines. India produces excellent hardcore software developers but a lot more opportunities in outsourcing are in application support and maintenance, technical support, business analysis, accounting, HR, insurance processing, bank processing, medical transcription, legal services, on and on. Filipinos are arguably the best in Asia because their legal, insurance, banking, medical systems are all copied after America's and they speak better English than anyone else in Asia (except of course Australia which is too expensive).

Whatever the vision might be, it is clear Philippines needs to do something. Philippines have not yet developed an equivalent of Nasscom in India, a single strong voice of the country's outsourcing industry on a global scale. Philippines, despite being a much smaller country, has between 6 and 10 outsourcing associations, all supposedly promoting various sectors. These associations are a fractious bunch that seems to be constantly battling within themselves and against others who try to unify them. The result is that none are large enough or competent enough to effectively market Philippines to global organizations. They seem to spend their limited energies promoting Philippine outsourcing to other Filipinos.

That said, the current business environment is very strong in Philippines. People seem to have learned about it on their own or through word-of-mouth. Maybe Philippines will get lucky and it will grow despite their lack of contribution toward their own success."

Question 7:

What would you consider the top 3 criteria when building a business plan that will decide which country to offshore to?

"People, People and Infrastructure. Those doing services outsourcing today have it a lot easier than those who did manufacturing outsourcing years ago because there are much fewer dependants for success. To be successful in services outsourcing, the main components are hiring good people at reasonable cost and being able to provide them with adequate infrastructure (mainly telco, electricity and office space).



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The infrastructure decision is straightforward since either the location has it or it doesn't. Labor is a much more complicated situation since quality will depend on many issues related to the work you want to do, the competitive environment for this labor and costs.

Of course, there are a lot more issues such as security, the regulatory environment, government support and quality of life (for expatriate management) that could derail an outsourcing initiative. However, the people I talk to are mainly concerned with the people and the infrastructure."

Question 8:

How much of the cost benefits of outsourcing IT work to China and India is likely to be eaten up by inflation in these markets over the next 3-5 years?

"China and India have achieved a lot in the past few years and we should all be proud of them. They have done great work to open their economies to outside firms and to promote themselves as welcoming business environments.

The result has been a bandwagon of companies joining the rush to outsource manufacturing to China and services to India. Regional managers I speak to say that the result of this today is increasing salaries, worsening retention and decreasing quality of output. In India, even basics such as electricity, telco and roads are constraining growth.

In addition, the Chinese currency especially is felt by most of the world's financial analysts to be greatly undervalued. What happens when the Chinese government stops buying billions of dollars worth of American treasury securities in its frantic attempt to hold down the value of its currency? It is only a matter of time until they stop this madness and allow their exchange rate to rise. This imminent adjustment will dull China's attractiveness. India's situation is not so severe but this could still be a factor.

It is impossible to provide an estimate of the amount of inflation that will occur in the coming 2 or 3 years but we should be aware that it will occur and it will make outsourcing work to these countries less attractive."

Question 9:

- 1) What do you think is the next phase of outsourcing given the fact that many companies have realized the need to utilize the benefits of cost arbitrage?**
- 2) What would be the impact on economies of developed and developing countries?**
- 3) What would be the impact of IT on outsourcing or vice versa?**



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"1) The next phase is complicated since so many things are happening at once.

First, outsourcing is expanding beyond just call centers and IT into almost every other conceivable business process: accounting, map-making, design engineers, animation, medical services, legal services, insurance processes, banking processes, HR, and so on.

Second, it is not just Americans who are aggressively outsourcing processes. Now every rich country in the world is moving quickly to join the movement.

Third, most developing countries have seen the success of India and feel they have something to offer as well. There is a frantic stampede going on of countries entering the business from a supply side. If you consider how many countries and people exist in the rest of Asia (outside India and China), plus South America, Russia and the eastern bloc -- even parts of Africa have offerings. The competitive pressure will mean downward pressure on costs.

Fourth, pushed by competitive pressures, the early leaders of outsourcing like India will move up the value chain to more sophisticated processes.

2) The result of both developed and developing countries will be a higher standard of living. This has been the outcome in the past when productivity advances has been introduced and almost certainly will be the result this time around.

Computerization resulted in the displacement of millions of white collar back office positions over the past 20 years as mundane tasks formerly performed by armies of well-trained clerical workers. After a period of adjustment, the former "white-collar ghetto" workers retained themselves for higher values jobs. Today their lives and incomes are better as a result. Of course, this is a rosy description of a complex and inconvenient process for those who go through it. Nevertheless, the results are still roughly the same.

3) The impact of IT on outsourcing is that it makes outsourcing more and more viable. An advance in IT that increases functionality or decreases costs results in an exponential increase in the practicality of overseas outsourcing initiatives."

Question 10:

Would you recommend a company consider a "captive" approach or a full outsourcing approach to ADM/BP in India?

"This is a very, very complicated subject. On the one hand, there are large world-class organizations who successfully outsource ADM (Application Development and Management) to outside organizations and they have no inclination of taking the work captive because they are happy with the results. Accenture, IBM, CGI, Wipro, ClientLogic and a multitude of others have developed great offshore businesses doing this work for clients.

On the other hand, there are just as many large, world-class organizations that use the captive approach just as successfully. AIG, GE, Thomson Financial, Safeway are a few of these.

One broad generalization I have noticed is that companies that are doing more complicated work or who have onerous security or regulatory requirements tend to want to do it themselves (captive approach). Lower end work like help desk support is often easier to be done by service providers.



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One approach I have seen that seems to work well is a dual approach where a company will use an outside provider so they can get up and running faster and learn from their experience. Gradually, the outsourcing organization will move over some of the processes initially provided by the third-party company and move up the value chain to more sophisticated or sensitive processes.

From my experience, this approach has often resulted in happy people on both sides. The provider keeps a long-term client and the outsourcing organization has more control (and lowers its costs)."

Question 11:

If 1 million computer professionals are laid off, and each of them makes a modest estimate of \$60,000, assuming that they pay a modest \$3,000 in federal income tax, that is \$3 billion that U.S. Government won't have, annually. Then if those same workers pay state and local taxes, a modest \$3,000, that is another \$3 billion states do not have, annually. Is offshoring good? Corporate taxes may need to go up. If state and federal government utilize software developed and supported by offshore staff, it's almost as if American taxpayers are really getting a raw deal. Is this lose-lose both short and long term?

"American workers are not stupid people. If they find themselves laid off from a job, they go and do something about it so they can earn more money. This country used to employ 100's of thousands of textile workers but now almost all those jobs have been lost to third world countries. At the time those jobs were being moved there were some frightened people and entire towns lost their main source of employment.

Who today complains about these lost jobs? Nobody, of course. The workers retrained themselves and/or upgraded their skills so they could earn higher incomes in related or new industries. Today, the US still has a major garment industry but it only cares about doing the things that are most important such as design, advertising, brand building and the like. Let the third world countries do the low value tasks such as actually making the garments.

We live in a time of great opportunity for Americans since services such as coding computer programs can be off-loaded for lower cost to third world employees.

The process of outsourcing is nothing new and has always resulted in higher productivity and incomes for American workers in the past. There is no reason to think anything has changed today. Unless, that is, you think that Americans have suddenly lost their traditional we-are-the-best-and-nobody-will-beat-us attitude that has made the number one in so many industries. Do you believe that?

One study I read, talked about the numbers of accounting jobs lost over the past 20 years due to computerization. You may remember this being an issue among the accounting profession years ago. After a brief period of whining, these professionals upgraded their skills and accountants earn more today than they ever did as paper-shuffling clerks."

Question 12:



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Given China's rapid growth and potential hegemony, and our sometimes adversarial relationship with its government, how can it be considered "safe" to outsource key data to this country?

"Just because you are running a business in China doesn't mean you have to turn over key data to the Chinese government. Normal security precautions should always be undertaken.

A bigger worry might be that China and Taiwan get into a tiff and American forces have to intercede. The result could be that China feels the need to make life difficult for some sectors. Country risk like this is present in all countries.

The beautiful thing about American consumerist values is that they are so corrosive to those of dictatorial regimes."

Question 13:

We have some offshore work going on now in India and it has been very good. My question is with all the outsourcing going on now in India do you see it becoming priced out eventually? In other words the more skill sets they have and the skill they have acquired working with American business do you see their status and pay raising in the near future where we better look to start cultivating other areas such as Vietnam, China etc.?

"The people I speak to running the large outsourcing facilities in India say this is already happening. For the past few years, the only destination companies talked about was India and they all went there to setup. The result of this bandwagon was that today they are experiencing a lot of problems related to salary inflation, employee retention, quality of delivery, office space availability, telco access, even electricity supply, etc.

Philippines and Vietnam seem to be 2 countries that are profiting from this situation. China seems to be experiencing its own constraints due to extremely high growth rates in manufacturing outsourcing.

The Regional Managers I speak to are now opening and growing facilities in locations outside India for now."

Question 14:

What do you see on the future O/s prospects in Asia?

"There are a number of trends that I see happening in Asia. I will list some of them.

1. **Sector Expansion** – *In the past, most of the growth in outsourcing was just call centers and IT. Today, the number of sectors embracing outsourcing has grown tremendously. A few of these new areas include: legal services, medical transcription, financial research, design engineering, HR, accounting, payroll, animation, content services, publishing, on and on. This development will make growth explosive in the coming few years.*



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2. **Greater Country Demand Participation** – *In the past, most outsourcing was undertaken by American firms. Today, everyone wants to do it. Over the past few months, I have talked to large blue-chip companies from most rich world countries: Britain, Canada, Australia, Japan, Germany, France, Italy, Finland, etc. This will result in a tremendous expansion in the number of companies participating in outsourcing.*
3. **Greater Country Supply Participation** – *In the past, only a few countries were able to offer a credible offshore service. Now there are dozens of countries that can and it has become a frantic stampede by everyone else to join the club. The result will be strong downward pressure on costs as companies have literally a world of options to consider.”*

Question 15:

I am ready to leave my current position that sends work overseas and uses too many contractors. How can we find companies who don't offshore work, hire cheap foreign labor, and are in general "America-friendly"?

“Your question seems to be a loaded one. The companies who are offshoring their work tend to be the largest and most successful organizations in the country and the world. They are at the leading edge of this movement just as they are the leaders in other aspects of their industries. In a globally competitive business environment, this is a requirement of their survival.

The manufacturing sector went through its offshoring trend some years ago. The companies that were slow to do this did not survive. One of many examples was Fruit-of-the-Loom. The underwear brand is still well known throughout the US and Canada because of its humorous television advertisements years ago. Despite their great marketing success, the company was slow to send manufacturing offshore and by the time they woke up, it was too late. Their competitors like Hanes took their market share. Offshoring too late was not the only factor that caused Fruit-of-the-Loom's demise but most business research indicates clearly that it as either a key factor or the primary one.

In my opinion, “American-friendly” companies are those that pursue innovative ideas with vigor. America became the economic envy of the world by doing so. This is the only way American companies can ensure secure, high-paying jobs for their American employees.

The jobs being moved offshore are lower skilled in nature. So, you have nothing to worry about. Americans have always worked hard to improve their skills to justify higher and higher incomes and they earn more than anyone else as a result.”

Question 16:

Our metrics show that the offshored projects are the most expensive to support. Although the actual coding is less expensive, the other 70% of our lifecycle is more expensive. We all know that the majority of developing software is in design, architecture, and support. If we must spend more time in defining "gold-plated" requirements up front, in the process that takes most of our time, how can CIOs justify offshoring software development in light of this?



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“There seems to be a learning phase that is required on both onshore and offshore sides of the development process. Initially, the extra time required to “gold-plate” design and architecture seems onerous. However, CIO’s that I speak to who have gone through the offshore process say that this “gold-plating” of requirements is one of the primary benefits to the organization since it fosters the creation of standardized processes where quality and efficiency can be measured and tracked. The outcome in almost all cases is a general improvement in the design and architecture phases, and an increase in skills levels of both onshore (American) and offshore professionals.

You mention that support is something that will not be sent offshore. My information is that application support is one of the functions that is being sent offshore. Many highly-skilled, creative Americans don’t like doing support work since it is considered tedious and you have to listen to a lot of complaining users. This low-end function is a prime example of something that Filipinos (for instance) have greater interest in performing.”

Question 17:

China will be an important outsourcing market for USA, can you explain some important aspects for China to be a successful competitor in the outsourcing market? Which kind of company will be successful?

“Because of China’s tremendous achievements over the past few years, the country seems to have acquired the reputation of being the answer to everyone’s problems. Many companies have tried to do offshore work in China but the results have been mixed as of yet.

One of these is BearingPoint (formerly KPMG Consulting). The company reportedly spent \$50M setting up their center in China and the results are said to be disappointing. This failure has left them behind many of their competitors who setup operations in India and Philippines.

China’s explosive growth in manufacturing has resulted in severe salary inflation for skilled professionals such as software developers. In addition, English communication skills are in short supply in China for similar reasons.

Further to this are the pressures building up on the Chinese currency. Almost every financial analyst in the world will tell you that their currency will increase in value because of their titanic trade surplus.

Given that China is already becoming expensive relative to other competitors and English skills are in short supply, what will happen when the government is forced to loosen control of the currency and its value increases by a further 10% or 15%. All of these factors will limit their potential as an offshore outsourcing destination in the near term (say in the next 3 to 5 years).

Don’t get me wrong. I am not saying the Chinese are somehow bad. They have achieved more in a short time than any other country in the history of the world. It is just that their recent extreme success is resulting in constraints that are pushing them out of certain markets.”

Question 18:



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Does India have a future as an outsourcing services provider? I mean, originally people went there because the prices were much lower, because supposedly Indian IT specialists were great, etc, etc.. But what we see nowadays is that the salaries in India are growing rapidly (around 7% a year). India is thinking of accepting the VAT laws that would also raise the prices. The amount of IT specialists India produces each year is scaring and the quality seems to drop a LOT.

"Your information seems to be roughly correct according to the people I speak to within Asia. Because of India's past great success, they are now experiencing problems due to increasing salaries, quality concerns, employee retention, etc. You mention 7% as a rapid salary increase. I hear salary increases are much greater than this for many skills.

India will have challenges to maintain growth from this point forward. This situation has opened up the market for countries like Philippines, Vietnam, South Africa, Russia and eastern Europe, etc."

Question 19:

IT - Offshoring adoption in Southern Europe. Right now, partially due to the cultural issues and partially because the salaries in these countries are much lower than in the US or Northern Europe, offshoring is not that popular in these countries. Do you think the situation will change drastically, say, a couple of years from now?

"That is an interesting question. I have seen a few southern European companies who have setup offshore outsourcing operations in Asia. Examples of ones I have had conversations with are Soluziona (the big Spanish IT consulting firm) and Alitalia (the Italian airline). That said, there are not many from this region yet who are active in offshoring work so it is difficult to estimate their future presence.

A lot will depend on the supply of labor in these countries. If Italy or Spain (say) are producing large numbers of computer science graduates, then they won't have to offshore work. However, if these countries don't have the people required, then they will need to offshore work to acquire access to the skilled professionals required. The continuing strength of the Euro may also make offshoring attractive to southern Europe."

Question 20:

I have heard and personally experienced many problems with India-based call centers. What's the future of India-based call centers? Also, what's the chance for China to catch up in the IT outsourcing field (non-call center)?

"India has been a great success over the past few years. They have achieved a lot and I think we all should be impressed with these hard-working innovative people.

Nothing goes up in a straight line, however. From speaking with a lot of senior managers within the Asia Pacific region, it is clear there is movement of voice-enabled work out of India. I shouldn't specific mention company names on a public forum such as this but I can tell you that



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this issue is a major topic of conversation throughout the Asia Pacific region. Philippines seems to be one of the destinations that is profiting from this movement for now.

India will continue to be a strong destination for voice-enabled work. However, they will grow in a more measured manner from this point forward. In the IT field, it is said that India will still be the king.

China is another country that has achieved a lot in a short time. It seems clear that they will be a strong competitor of India in the future. However, their remarkable success in areas like manufacturing is resulting in severe cost pressures in the coastal regions (where most English speakers are located). Along with this, is the impending appreciation of the Chinese currency.

In the short term, China will face is facing similar cost and employee retention problems that is plaguing India. In the longer term, the hard-working, entrepreneurial-minded Chinese will make a formidable competitor to India.”