

IT Section



Around the world, or in your own office?

Ask a managing director or CEOs if they, or anyone else in their senior management can programme their laptop and the resounding 'none' will give a good idea why so many companies choose to outsource IT projects.

In fact, it is IT outsourcing which John Tilley, managing director of Perot Systems, points out, can make different offshore locations very attractive at different times.

"We work on a truly global basis, so we have staff in many locations because our advice to any potential customer is that you if you want to work long term with someone, you need to spread staff in various locations," he says.

"The problem can be that if a lot of work comes to one country, it can push up inflation as there's competition for the people with the right skills. We're

in Romania, for example, but if you asked me if that's going to be as attractive in five or six years as it is now, I couldn't guarantee it because they may run in to problems of not having the university places available to increase their supply of qualified people.

"Hence we build our IT strategy so we can switch resources if one location becomes less attractive. The challenge for us then becomes to standardise our processes so different parts of the world work together seamlessly."

Tilley believes that this global, standardised approach is vital in IT outsourcing because if an outsourcer

puts too many of their proverbial eggs in one basket, the service levels and pricing structure they agreed a couple of years ago can be hard to maintain if the country they have chosen to locate their IT teams suddenly overheats and wages spiral and top quality staff become harder to locate and employ.

Cosourcing route

A rather different strategy of placing projects in between outsourcing and insourcing, so called 'cosourcing', is proving popular in IT, particularly with help desks, according to Jerry Cave, Plan-Net co-founder.

"A lot of companies are deciding to get a provider like us to go in and either get the staff to run their IT helpdesk or take over the function completely," he says.

"If they come to us to provide staff it takes the strain off them to spend time interviewing people but if they

want to take it to the next stage and ask us to take on the contract to run their IT helpdesk or take over a part of it, and so cosource it, we find that we generally will employ, train and manage the IT support staff but the client may well have a manager keeping overall control of the function."

Cave believes the attraction to a client is that they know an IT helpdesk is vital but as their business grows it can be difficult for them to grow their helpdesk in line with increased demands.

Opportunities count

The main driver, though, for IT helpdesks to be cosourced is what Cave sums up as the 'opportunity cost' rather than a saving on the cost of running an IT helpdesk.

"Companies know that it takes a lot of management time to run a helpdesk," he says.

"So the question they are increasingly asking themselves is what is the cost of having managers running the function compared to allowing them to get on with something else a little more strategic? What is the cost, in terms of missed opportunity, to have those managers interviewing staff and managing those staff when they could be doing something more beneficial.

"It's the Holy Grail of IT outsourcing. If you can make people see that they only have an IT department because they can't be making money when the computers are down and they miss out on billing opportunities, so it goes that if they then have managers devoted to looking after that section of the business, they can't be doing something else more strategic that will help the company grow."

There is also the cost consideration whereby a company can pay an outsourcer or cosourcer to provide a service, such as an IT helpdesk but if they build it themselves and their needs change, they may have to invest in a whole new infrastructure – a cost that could either be avoided if they used a service provider, or at least shared.

Recruitment outsourcer top honour

Rosaleen Blair, the chief executive of Alexander Mann Solutions, has recently been named as the Veuve Clicquot Businesswoman of the Year.

Rosaleen started out running a nanny business in her native Dublin before moving to London to set up her recruitment outsourcer in the hope she could revamp how businesses hire staff. The company is now a £300 million global operation with 800 staff.

The award was set up in 1972 by the champagne brand to celebrate its bicentenary by promoting and recognising female business achievements.



Tutors on tap

One of the latest ideas in Indian outsourcing is young bright graduates not manning the phone in a call centre but rather using their studies to help British youngsters with their home work.

TutorVista gives UK students one-to-one, unlimited personal tutoring for a flat monthly fee of £49.99. The new service has been launched by K Ganesh who, in the past, set up one of India's best known IT outsourcing, IT&T before forming business analytics company Marketics which he recently sold to WNS Global Service for \$65m.

IT Outsourcing to Eastern Europe

Sergei Levteev, President of IBA Group, a Prague-based IT service provider with clients in more than 30 countries explains the appeal of East Europe.



Sergei Levteev - IBA Group President

Eastern Europe is one of the fastest-growing regions in the world. Eastern European countries have become centres for IT outsourcing because of their geographical and cultural proximity to Western Europe, and skilled and low-cost labour force. Using software outsourcing to Eastern Europe, Western companies create high quality products in a cost-effective and timely manner.

IT departments have tight budgets, limited resources, and time constraints. Outsourcing to Eastern Europe can serve as a key strategy in addressing these challenges.

Different outsourcing models are currently in place. At IBA Group, we use a combination of onshore, near-shore and offshore operations to provide premium quality solutions to our customers. We also lay special emphasis on long-term relations with our clients, which provides for a higher degree of trust and better understanding of client business needs.

The most commonly used offshore suppliers are Indian. However, Eastern Europe offers good opportunities for those who want to diversify their outsourcing portfolios. Eastern Europe has a highly educated workforce, primarily in the high-tech sector, it has the required IT and communication infrastructure and enjoys political and economic stability. IT providers in Eastern Europe have low employee turnover and are reliable partners. Prices there are very competitive, even compared with India and China.

Although this region is a new destination, some Eastern European companies have been in the outsourcing business for years. For instance, the first IBA Group's development centre was founded in 1993 in Belarus. In the past years, IBA Group has evolved into an international alliance with offices in the Czech Republic, Belarus, the United States, Germany, Russia, Cyprus, and Bulgaria. To date, IBA employs more than 2,000 professionals. IBA attributes its dramatic growth to the increase in demand for IT outsourcing services on the global market.



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