

PROFESSIONALS AND STUDENTS SHOULD'N'T FEEL POWERLESS TO COPE WITH OUTSOURCING

D. RAJA, CEO, FOUNDING PARTNER & BOARD MEMBER OF CEI

As a current IT professional in the United States or a student considering a future career in IT, outsourcing is a business trend you must fully understand - but certainly not fear. With more companies under pressure to cut costs to stay competitive, Indian IT service firms are expected to grab a growing share of outsourcing deals in the months ahead.

India remains the No. 1 destination for American companies looking to outsource IT jobs that can be done "over the wire." The much-cited 2003 study by Goldman Sachs projected that over the next 50 years, India would be the fastest growing of the world's major economies, and that by 2040, India would be the world's third-largest economy. Studies like this are merely predictions, but it's interesting to note that India's current growth rate is actually higher than the study assumed.

It is because of its present state, however, that India has become a valuable asset to the American economy. It is important to remember that the United States' prosperity has largely resulted from its willingness to open up to the world. Over the last two decades, as globalization has quickened, American companies have increased the amount of IT services they outsource overseas - and American incomes have risen faster than those of any other major industrial country.

As a result, we can't expect the outsourcing trend to reverse anytime soon, but professionals and students shouldn't feel powerless to cope with these changes either. Outsourcing is an inevitable facet of business, especially as companies continue to progress toward globalization. But for now, the fears of job migration exceedingly outweigh the realities.

As confirmed by a recent study by the Association for Computing Machinery (ACM), the dire predictions of job losses from shifting high-tech work to low-wage nations with strong education systems - like India - have been greatly exaggerated.

In fact, in 2005 there were 17 percent more tech workers in the U.S. than back in the dot-com boom of 1999. And the Bureau of Labor Statistics predicts that the U.S. economy will add one million more tech jobs over the next year - a 30 percent increase. The ACM reports that they anticipate only

two to three percent of IT jobs to go offshore annually over the next decade.

Rather than discourage outsourcing, we as an industry should focus our efforts toward confronting a more dangerous threat - a declining interest both locally and nationally in computer science among American high school and college students.

Based on a survey last year of the intentions of students entering college, the results showed that one in 75 students would major in computer science, compared with one in 30 in 2000. Locally, as Chairman of the University of Pittsburgh Computer Science Industry Board, I have come to realize the preconceived notion among high school students and parents is that all IT jobs are going overseas and that there is no future in computer science. This couldn't be more wrong.

The view that job opportunities in IT are diminishing is both potentially damaging to America's competitive prowess and just plain false. This wrongful pessimism will deter our bright young people from pursuing careers in computing, which in turn, will erode the skills in a field that is crucial to the nation's economic competitiveness.

IT has brought about a revolution in every business sector. More new jobs will be created rather than lost, and with global competition getting tougher, we must rely on our ability to innovate. The opportunity exists for information technology to be applied to other fields, like biology, health care and business. A technical background coupled with honed business, interpersonal and communication skills will be in high demand.

Outsourcing results in obstacles that are created by distance, culture and language. American companies will retain skilled work that requires face-to-face interaction, business analysis, project management and technical architecture.

Most susceptible to rapid job migration will be software programming, because coding can easily be shipped over the Internet anywhere in the world - but again the number of jobs sent overseas will only be roughly two to three percent over the next 10 years.

As the relationship between outsourcing and IT evolves, companies will experience gains in

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efficiency, productivity, quality and revenues that can be achieved by fully leveraging offshore talent.

The real challenge will be to produce enough talent here in the U.S. An enrollment in higher education will be the most effective and productive way for students and professionals to prepare for the globalization of business. Knowing what the right mix of skills are and acquiring those skills will be essential to fostering innovation and job-growth in the U.S. ●

D. Raja co-founded CEI with Barry Zungre in 1992 with the vision of creating a global leader for providing IT solutions in leading-edge, niche technologies.

Raja holds a master's degree in computer science from the University of Pittsburgh and an MBA from Carnegie Mellon University. He also holds an undergraduate degree in electrical engineering from Anna University, India. While still pursuing his master's, Raja began his professional career as a software engineer. He worked for over five years at Formtek, a Lockheed Company. In 1992, Raja launched his own consulting and project management practice, a venture that was to become CEI. Raja is currently Chairman of the Computer Science Industry Board at the University of Pittsburgh. Raja's entrepreneurial skills were recognized in 2000 when he was a finalist for the Ernst & Young (U.S.) Entrepreneur of the Year Award.

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