

Fact and Fiction About IS Offshoring

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Believing that the fate of information systems is mass offshoring, many students have been scared away from the discipline. This negative perception about what the future holds for the information systems market has led to a five-year decline whereby from 2000 to 2005 the number of students in this field fell somewhere between 50% and 85%. This has forced many universities to suspend programs and courses related to the discipline, which in light of this statistic has apparently gone out of style. This reduction will soon translate into a smaller number of graduates in the market, and the consequent lack of qualified professionals will effectively require companies to go hunting for resources in foreign markets.

The loss of prestige in this market is augmented by forecasts saying that around 50% of the information systems jobs will be outsourced both within and beyond the developed world in the next 10 years due to the differences in costs between developed countries and developing countries.

Two recent examples in Europe—the controversial delocalization of cell phone giant Nokia's plant from Bochum (Germany) and similar plans from Siemens—continue to reinforce this perception.

Nevertheless, this information reflected in the media only makes reference to part of the vast information systems market. In actuality, resorting to outsourcing has its limits. It is true that activities related to IT support and customer service are easier to effectively outsource to foreign countries, given that the simple encoding of well-defined programs can be treated as merchandise and sent abroad, as is done with raw materials in textile industry manufacturing.

Services related to software development constitute another highly commoditized field, however these are easy to outsource only when a very clear set of specifications can be provided. Nevertheless, when it comes to activities, one must have the specific knowledge about the companies and the commercial context where it operates, and this requires intense direct interaction and physical proximity to the customers, which makes them far more difficult to outsource. For instance, this is the case with analyzing business models, which demand specific training that goes beyond basic programming tools.

Rebalancing Supply and Demand

One certainty is that no business can prosper in this day and age without having information systems professionals who can develop and implement the necessary IT updates. Indeed, the developed world continues to offer a good many opportunities to these professionals, whose unemployment rate currently sits at a meager 2.5%. The US Bureau of Labor Statistics predicted a while back that until the year 2014, jobs related to information systems would be among the top 10 in terms of future prospects.

The recent study *Offshoring and Its Implications for the Information Systems Discipline* by Rudy Hirschheim, Claudia Loebbecke, Mike Newman and the author hereof highlight a number of keys that could help clear up the false uncertainty about employment, reestablish the balance between the real supply and demand for professionals and thus slow down the corporate offshoring of this activity.

Among these is the need to possess specific cultural, local and contextual knowledge, although that does not always guarantee that the jobs will ultimately stay in the source country. For instance, many companies tend to outsource IS services to countries with cultural similarities, as the United States does with Ireland and Spain with Latin America. Another factor is having a positive attitude towards the University in order to correct the false perception that there are no jobs in information systems, promote IS studies and take advantage of the available knowledge on outsourcing processes so as to offer an education that is on the cutting-edge with regard to trends and opportunities. Academic associations and schools should also foster specific training programs, propose the necessary changes and disseminate information as well as the advances being made. For their part, companies ought to make known their demand for university graduates in forums and university halls, while also promoting the practice of internships. The goal is ultimately to prevent a false prophecy from becoming reality and thus jeopardize the ability of developed countries to have their own IS supply.