



Technology & Leasing Newsletter

February
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CEOs Are Cheaper in India, too 😊! Should You Outsource ?

sourced and condensed from **InformationWeek** December 1, 2003

“Dell is returning technical support for large business users of its Optiplex PCs to U.S. call centers from its company-owned facilities in India. The move, a Dell spokesman says, comes after some customers complained about poor service. “

“Indiana Gov. Kernan canceled a contract with the subsidiary of an Indian company after state workers complained... that it cost public-sector jobs.

“Outsourcing and offshore efforts can cut costs. ‘You need to have very strong **quality-control and project-management** capabilities in place before you should consider this, and a lot of firms lack that capability,’ says John McCarthy, an analyst at Forrester Research. “

Significance:

1. If you only look at direct costs, offshore outsourcing wins. It is the indirect costs of **quality, project management and communication** that grow. And it is not that the Indians are bad at them; it is the fact that they are more difficult to sustain over long distance.

XeC Opinion:

I believe that it is a lemming-like trend. Each company’s Business Processes and methods of communicating are unique and require individual evaluation before outsourcing them.

I also experienced this for complex application development (in our shop, we spoke directly to the programmers 8 to 10 times a day... answering questions about Specs); I believe it works well for simplistic development where few questions are needed are written specs are detailed.

It is :

A management briefing about the impact of new technologies and events in the asset finance and leasing industry

When Bill Gates Talks, We Listen – Seamless Computing

“IW: You introduced the idea of "seamless computing" last night.

Gates: The goal is a pretty dramatic change in how IT departments think about customizing software and being able to visualize what's going on. The current model, where you have to write a lot of code for fairly minor differences between two businesses--it works, [but] it's expensive, it makes it hard to take updates from the main provider, and it makes it hard to have visualizations of what's going on with these different processes. So the ultimate goal of being able to model these things, and have those models be active even as you're doing the development and after the software is deployed, is a pretty dramatic change in how IT departments think of customization. “

XeC Opinion:

1. Let’s decode these statements ! This sounds like a counter-move to what IBM’s Rational Rose does for OOP design and development. It is supposed to reduce the occurrence of ‘ fixed that but broke five other things’ by keeping the design model active while developers seek to make changes... so they know how what they are touching impacts other code.
 2. Again, if it is complex intertwined development, it is difficult to simplify it. Developers do need help.
 3. How this was labeled ‘seamless computing’, I do not understand.
 4. This also raises issues of ‘configurability’ of software, which is ‘ configure to my business processes’.
- This leads to greater flexibility with fewer updates and / or customization.

For more on this, see John Voytko’s white paper on ‘Configurability of Leasing Systems’ at http://www.xec1.com/Press_Releases/Press%20Release%20List.html

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SPECIAL Must-Read

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BusinessWeek says: "Programming jobs are heading overseas by the thousands. Is there a way for the U.S. to stay on top? "

This is excerpted from BusinessWeek Online February 23, 2004; please see

http://www.businessweek.com/magazine/toc/04_09/B3872magazine.htm

"U.S. software programmers' career prospects, once dazzling, are now in doubt. Just look at global giants, from IBM (IBM) and Electronic Data Systems (EDS) to Lehman Brothers (LEH) and Merrill Lynch (MER). They're rushing to hire tech workers offshore while liquidating thousands of jobs in America. In the past three years, offshore programming jobs have nearly tripled, from 27,000 to an estimated 80,000, according to Forrester Research Inc. (FORR). Recruiters who look at Stephen will also consider someone like Deepa -- who's willing to do the same job for one-fifth the pay. U.S. software developers 'are competing with everyone else in the world who has a PC,' says Robert R. Bishop, chief executive of computer maker Silicon Graphics Inc. (SGI).

For many of America's 3 million software programmers, it's paradise lost. Just a few years back, they held the keys to the Information Age. Their profession not only lavished many with stock options and six-figure salaries but also gave them the means to start companies that could change the world -- the next Microsoft, Netscape (AOL), or Google. Now, these veterans of Silicon Valley and Boston's Route 128 exchange heart-rending job-loss stories on Web sites such as yourjobisgoingtoindia.com. Suddenly, the programmers share the fate of millions of industrial workers, in textiles, autos, and steel, whose jobs have marched to Mexico and China."

Significance:

1. For every action, there is an equal and opposite reaction. When software salaries went abnormally high and good programmers were in short supply, the market forces corrected things by finding India.
2. Great Indian programmers do exist, just like great U.S. programmers. I worked with some that we imported to the U.S. The quality is there.
3. I'll repeat from Page 1 #1 -- If you only look at direct costs, offshore outsourcing wins. It is the indirect costs of **quality, project management and communication** that grow. And it is not that the Indians are bad at them; it is the fact that they are more difficult to sustain over long distance.
4. Lack of specific domain experience (i.e. leasing) at many of the outsourcing shops can dramatically lengthen both the design, development, and testing phases of projects.

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