

Special skills help nations nab global work

Reassigning tasks is not just shifting low-skill jobs to the sub-continent or Asia, writes **Mark Lawson**.

The public image of outsourcing is coloured by the occasional call everyone receives from an operator with an Indian accent at a call centre in Mumbai trying to sell you a holiday package.

Due to those calls and the publicity given to major outsourcing deals involving a lot of jobs moving offshore, the public generally believes that outsourcing involves low-skill phone sales jobs going to India.

In fact, research shows the shift in jobs is little more than the globalisation of industry. Specialist Indian outsourcing companies, in turn, will also outsource the work to wherever labour is cheaper.

Also, the jobs being moved around the world will vary from sales cold-calling to highly skilled analysis.

Catriona Wallace, a director at callcentres.net, which specialises in research on outsourcing and call centres, says recent surveys show that about 65 per cent of Australian organisations outsource in one way or another, but of those just 22 per cent send operations offshore.

Because of jobs being sent overseas, outsourcing can be an "emotional" issue but it is not as widespread as generally assumed, she says.

When work is sent offshore, the leading destination is India, followed by the Philippines, then New Zealand and Malaysia.

Mohit Sharma, a director of Sydney consultancy Mindfields, which specialises in advice on outsourcing, says analysis of the industry depends on whether you are talking about IT outsourcing (ITO), business process outsourcing (BPO

— processing of bills or claims), or the higher-value knowledge process outsourcing (KPO).

Outsourcing is generally perceived to involve simple parts of the first two operations and not the third, KPO, which includes activities such as analysis of listed stocks on the American markets, risk capital calculations and economic performance reviews for business units.

Major US stockbroking houses, for example, will not follow many listed stocks in their US offices as it is too expensive compared to the amount of broking revenue that can be generated from the stock. But they will hand over the job of watching those smaller stocks and even unlisted stocks to Indian analysts.

Sharma says outsourcing can also involve quite complex areas in ITO and BPO, including "middleware" system support and regulatory compliance reporting.

"It all depends on what the business wants to outsource," Sharma says.

Just what the business outsources will also dictate where the work ends up — that is, if it goes offshore — as each country has its own strengths and weaknesses.

Sharma says data centres are better sent to Malaysia or Singapore, while call centres are better in the Philippines and low-end IT processing in India or China.

However, the outsourcing company might be dealing with one specialist outsourcer which may, in turn, send the work to wherever it thinks fit — usually where the right skills can be hired cheaply.

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