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AT&T to cut hundreds of U.S. tech jobs, sources say

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AT&T last week proudly trumpeted the fact that it would end arrangements under which it outsources certain customer-service functions to low-cost, offshore providers. But company insiders claim the telecom company is shipping out significantly more U.S. jobs than it's bringing back and is set to dramatically increase its use of India-based labor.

AT&T is expanding its relationship with Indian outsourcer Tech Mahindra, which is partly owned by British Telecom, according to sources with knowledge of the company's plans. AT&T plans to drastically reduce the number of U.S.-based contract employees it uses for internal software development, they say. "AT&T is sending out far more jobs than it's bringing back," says an insider in the company's customer-operations department. The source requested anonymity, as did another source with knowledge of AT&T's intentions.

The plan was unveiled to middle management earlier this month by AT&T senior executives. It calls for the company to slash the number of IT contractors in use throughout the United States and send the work to Tech Mahindra's Indian operations. For instance, at least 24 software developers at AT&T's Orlando billing center will be laid off by March as their work is gradually outsourced. The workers' current role is to write the software that lets AT&T customers pay their bills over the Internet.

They will be replaced with 24 Tech Mahindra workers, 12 of whom will move temporarily to Orlando for training. The U.S.-based contractors in Orlando are presently earning between \$60,000 and \$80,000 per year, according to a source. Programmers in India typically earn at least 60% less than their American counterparts.

AT&T upper management "called a meeting three weeks ago and said all the contractors are being let go," says one source, adding that the process is being repeated throughout the company and could ultimately affect hundreds of tech jobs or more. Sources say AT&T's aggressive outsourcing push is part of a campaign to realize the \$15 billion in operational saving promised to shareholders after the company's merger last year with SBC Communications.

AT&T officials were not available for comment. However, Tech Mahindra managing director Anand Mahindra, in an August interview with an Indian newspaper, said that AT&T "is a major client and a growing client."

Last week, AT&T said about 2,000 tech support jobs for its consumer broadband product would be moved from offshore service providers back to the United States. At the time, AT&T executive VP for labor relations Bill Blase said the move is an "example of how we're working together with our union to add jobs." The broadband support workers will be represented by Communications Workers of America. The company has yet to reveal where the jobs will be based.

AT&T's apparent decision to repatriate some jobs while outsourcing others reflects a growing

dilemma faced by many U.S. companies. They're looking to cut costs by outsourcing routine work to low cost, offshore service providers. At the same time, many fear such moves will alienate customers. AT&T has apparently decided to maintain customer-facing jobs in the United States while shipping out behind-the-scenes operations.

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