

Offshoring cited in Florida data leak

The state estimates that 108,000 current and former state employees may be affected by the data breach

By Robert McMillan, IDG News Service

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Florida state employees are being warned that their personal information may have been compromised after work on the state's People First payroll and human resources system was improperly subcontracted to a company in India.

Employees who worked for the state during an 18 month period between Jan. 1, 2003 and June 30, 2004 may be affected, according to an e-mail message sent to all state employees on March 16. The state's Department of Management Services (DMS), which oversees the People First system, estimates that 108,000 current and former state employees may be affected by the data breach, although that estimate could change as the department's investigation into the matter continues.

The e-mail was sent after a subcontractor of outsourcing service provider **Convergys Corp. improperly allowed subcontractors in India to index state personnel files, said DMS spokeswoman Tiffany Koenigkramer. Transferring information offshore is in violation of Convergys's nine-year, US\$350 million contract to manage the state's personnel work.**

Convergys had subcontracted the indexing work to GDXdata Inc., in Denver, which itself turned to a subcontractor in India, the DMS said. Convergys has since cancelled its contract with GDXdata, the agency said.

Convergys says that this offshore work was done without its knowledge. "Convergys was misled by GDX, one of several subcontractors hired to perform work for the State of Florida," the company said in a statement.

The offshore work was made public in late December when documents were unsealed in a "whistle-blower" lawsuit brought against GDXdata by two former employees.

The DMS is investigating the matter, but it has so far detected "no known cases of credit fraud or identity fraud that resulted from this work," Koenigkramer said.

"It is common today for businesses and even government to use offshore companies," the DMS March 16 e-mail states. "However, the use of offshore services in this case was inappropriate and unacceptable."

By next week, Convergys and DMS expect to have set up a credit protection plan for affected employees, Koenigkramer said.

That is not enough for one of the state's public employee unions, which is calling for an end to the Convergys deal and saying that the People First system has been mismanaged. "We want this thing killed," said Doug Martin, communications director with the American Federation of State, County and Municipal Employees, Council 79. "This is a joke, and the sad thing is, we're paying for it."

State Senator Walter "Skip" Campbell, a Democrat who would also like to see the contract pulled, called the outsourcing a "critical security breach," in part because it inappropriately exposed sensitive information about the state's law enforcement agents. "We don't know how far the dissemination of this information has gone," he said.

Based in Cincinnati, Convergys is a provider of billing, customer service, and human resources outsourcing services. It reported \$2.5 billion in revenue last year, according to the company's Web site.

A spokeswoman for GDxdata declined to comment for this story.

