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High-End Technology Work Not Immune to Outsourcing

By STEVE LOHR

In the debate over high-technology work migrating abroad, there has been widespread agreement on at least one thing: the jobs requiring higher levels of skill are the least at risk.

Routine software programming and testing jobs, analysts agree, are the ones most susceptible to being grabbed by fast-growing Indian outsourcing companies. By contrast, the people who devise the early blueprints for projects - the software architects - have been regarded as far less likely to see their jobs farmed out.

But [Microsoft](#) contract documents show that as far back as 2001 the big company had agreed to pay two Indian outsourcing companies, Infosys and Satyam, to provide skilled "software architects" for Microsoft projects. The documents were obtained this month by WashTech, an organization of technology workers based in Seattle, which gave copies to The [New York Times](#).

"The policy prescription you hear from people again and again as the response to the global competition of outsourcing is for Americans to move to high-end work," said Ronil Hira, an assistant professor for public policy at the Rochester Institute of Technology. "It's important to dispel the myth that high-end work is immune to offshore outsourcing."

"What is not clear," Mr. Hira added, "is how much of that high-end work will go abroad."

A Microsoft spokeswoman, Stacy Drake, said that as a matter of policy the company did not comment on individual contracts with suppliers. But, she said, "we often use outside companies for projects."

The outside contractors, Ms. Drake said, are used to bring in specialized expertise Microsoft may not have internally or to bring additional technical support to a project.

Still, Ms. Drake said, building the "core intellectual property" in Microsoft products is left to full-time company employees.

Though definitions vary, software architects are highly skilled workers who often earn six-figure salaries in the United States. The Microsoft contracts with Infosys and Satyam show that the work of software architects, senior software developers and software developers was being done by employees of the Indian companies working at Microsoft facilities in the United States.

Their work did not come cheap for Microsoft, which was billed \$90 an hour for software architects, or at a yearly rate of more than \$180,000. Senior software developers were billed at \$72 an hour and software developers \$60 an hour.

The on-site work, said Mr. Hira, an expert on offshore outsourcing, is usually done by Indian software

engineers who come to the United States on H-1B visas, which allow foreign workers to be employed in the United States for up to six years.

The Indian workers themselves are paid a fraction of what their employers collect. The top annual salaries paid by Indian outsourcing companies to Indian software experts working in the United States range up to \$40,000 or so, Mr. Hira said.

The contracts also say that for short stints of work, less than 90 days, Microsoft will pay for round-trip economy airfare for travel between India and the United States.

The contracts also include work done in India, by project managers and by software development and testing engineers. The billing rate for this work ranges from \$36 an hour to \$23 an hour.

A spokeswoman for Infosys said the company did not comment on its contracts, and a Satyam spokesman could not be reached.

Critics of the outsourcing trend regard such agreements with Indian contractors, with work done both in the United States and in India, as a step toward shifting more and more skilled technology jobs overseas.

"Microsoft has hired vendors whose whole reason for being is to transfer work offshore," said Marcus Courtney, president of WashTech, an affiliate of the Communications Workers of America.

The foreign competition for work at Microsoft, Mr. Courtney said, will help the company's management put more pressure on wages for its American workers and reduce employee benefits.

Last month, Microsoft announced that it planned to cut costs by an estimated \$80 million a year by trimming prescription drug benefits, tightening parental leave policies and making it more expensive to buy Microsoft shares through the employee stock purchase plan.

Despite its use of foreign contract workers, Microsoft expects to add 3,000 to 3,500 full-time employees to its United States payroll of 37,000 in the fiscal year that ends in July.