



THE NATION

## Outsourcing Ax Falls Hard on Tech Workers

**As the slump persists, some train their low-cost replacements before being shown the door.**

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SANTA CLARA, Calif. — The global economy finally caught up with Cliff Cotterill.

On Friday, the software engineer drove his pickup truck to Building 54 at Agilent Technologies Inc. in Santa Clara. He made his way through the warren of partitions to his cubicle. Then he turned in his laptop computer and employee badge and said goodbye to 25 years of his life.

There were no parting ceremonies, no official farewells. His department had held a big lunch in August, when he and others were scheduled for termination. Cotterill was given a brief extension.

But this weekend, when he was only 11 weeks away from being eligible for early retirement, the ax finally fell. Cotterill, 54, joined the growing ranks of computer professionals who so recently occupied a prized position in the U.S. economy but are now seeing their jobs disappear — many outsourced to foreigners.

In the months leading up to his layoff, Cotterill was assigned to work alongside programmers from India who are taking over tasks formerly done by Americans, a process his company calls Knowledge Transfer, or KT.

Just a few years ago, his profession was at its peak in this country. An increasing reliance on computers, the takeoff of the Internet and the Y2K reprogramming boom put U.S. software specialists such as Cotterill in high demand. Their pay and prestige rose commensurately.

His fate is emblematic of what has happened to many in his profession. With the crash of the technology sector and overseas outsourcing, thousands of U.S. jobs are disappearing and salaries are under pressure. The late-'90s sense of well-being is diminished.

Experts disagree over how much of the job loss and salary slippage can be attributed to outsourcing, but most say it has clearly been a factor.

"It is unprecedented, the turn of fortune that has occurred in the high-tech industry," said Marcus Courtney, president of the Washington Alliance of Technology Workers in Seattle. "Less than five years ago, we were talking of adding hundreds of thousands of new employees every year in this industry...."

We've gone from that to widespread job losses and stagnant wages and benefits.

"The reason it's happening is companies are exporting jobs overseas to increase their profits and not creating jobs here in the U.S."

This growing class of dispossessed and demoralized tech workers is creating new economic and political fault lines. For the first time, large numbers of technical professionals are losing their jobs to lower-paid counterparts in other countries, a phenomenon once associated mainly with blue-collar factory work. Some remain unemployed or underemployed for long periods, and some are beginning to challenge policies that give rein to globalization.

The practice of requiring U.S. workers to train their replacements has become a flashpoint in the intensifying debate over "offshoring" jobs to other countries and the use of temporary visas by foreign nationals who come here to learn their employers' systems.

Critics have denounced the process as inhumane, and some members of Congress are trying to curtail it.

Agilent executives declined to discuss the specifics of Cotterill's termination. They sympathize with employees who lose their jobs, they said, and do their best to ease the transition by providing competitive severance packages.

"It's been very, very difficult for everyone at Agilent to see friends and colleagues leave the company," said Jan Copes, spokeswoman for the company's information technology, or IT, department, where Cotterill worked on in-house projects to support Agilent's infrastructure.

Outsourcing is one element of a broad transformation undertaken to return the company to profitability and position it for growth, Copes said, and the training of replacements is a necessary part of the process.

For Cotterill, who worked as an art critic and aerial photographer before getting in on the ground floor of the technology boom, the politics of globalization have become personal.

"I guess I wasn't paying attention when it was affecting other trades or professions," he said. "It's probably been going on for manufacturing and electronics and cars and steel all along. But it's not until it hits home that you really pay attention."

Growing up in the East Bay suburb of Castro Valley, Cotterill felt torn between art and science. In high school, he considered becoming an astronomer. At UC Davis, he majored in fine arts.

His early jobs were editing at Artweek magazine, production hand for Rolling Stone, disc jockey for a San Mateo soul station and sole proprietor of Cliff Cotterill Photography, for which he used his pilot's license to produce aerial landscapes to sell at art galleries and craft shows.

That was a tough way to make a living, so he entered an electronics training program that got him a job testing "Tank," "Breakout" and other pioneering arcade video games made by Atari. In 1979, he got a better offer from Hewlett-Packard Corp.: testing circuit boards for an early generation of HP computer terminals.

Over two decades, he bootstrapped his way into HP's information technology operations, signing up for a series of classes and certifications that taught him how to develop software and do a variety of IT jobs.

Several past and present associates said they regard Cotterill as an exemplary IT professional who devotes time and energy to making sure his "skill set" stays current.

"Cliff does that religiously," said Jay Spencer, an independent software consultant who occasionally turns to Cotterill for help. "He is really at the top of his field. For Web-type applications, he's top-notch."

A lifelong bachelor, Cotterill "is married to his job," said Pat Moberly, a former HP co-worker who remains a close friend. "He uses a lot of his spare time taking courses, usually on his own. He attends every class and does the homework and really learns the stuff."

In 1999, HP spun off part of its business into a new company called Agilent Technologies, which makes scientific instruments and analytical equipment such as spectrometers and oscilloscopes. Cotterill was offered the chance to work at either company. He chose Agilent, where he specialized in designing and implementing Internet-based applications.

But the company started posting big losses when the tech bubble burst. It began aggressively reducing its workforce and outsourcing many functions, some to U.S.-based contractors, some to foreign providers whose employees could do the same work for much less pay. Since 2001, it has shrunk its worldwide workforce by more than a third, from 44,000 to 28,000.

Cotterill dodged several initial rounds of outsourcing, but his luck began to run out last year. He was called into his manager's office, handed a folder full of termination documents and told that his employment would end on Aug. 15.

"They tell you you're a participant in the Workforce Management Program," he said. "That means you're laid off."

The material included suggestions for dealing with the trauma of termination. Among them: "Don't say or do things you might regret later" and "Maintain emotional control through exercise — walking, jogging, bicycling, swimming or striking a pillow with a tennis racket."

The going-away party was arranged. "Four or five other people were being laid off then," he recalled. "The manager posed for the picture with all of us. Everybody came. They said, 'Thank you for your hard work, goodbye, it was nice knowing you.' "

Only two days before his scheduled departure, Cotterill's sentence was commuted by a sympathetic executive who arranged to have him assigned to a new project. Cotterill thought he would be able to keep working at Agilent until his 55th birthday in August of this year, when he would qualify for early retirement.

His elation didn't last. Earlier this year, Cotterill was called back to the manager's office and told his last day would be May 28. "They didn't have to explain it again," he said. "They just gave me the papers and said, 'Thanks for understanding.' "

He received the standard package for long-term HP/Agilent employees: six months' severance pay plus another two months' wages if he signed an agreement to not sue the company. He would not participate in the early-retirement program, which would have provided slightly better benefits.

For months, Cotterill had watched as foreign IT personnel began occupying cubicles in his work area. They were employees of Satyam Computer Services Ltd., the Indian firm hired to take over most of Agilent's IT operations. Some stayed in Santa Clara, and some went back to India to oversee the work of

other programmers. A Satyam executive declined to discuss the firm's work at Agilent.

Last month, Cotterill received a memo informing him he would be taking part in the Knowledge Transfer process. "Hello All," it began. "Attached is the first draft of the training calendar for the KT. If you are being sent this message, you are one of the trainers."

His role involved preparing material for presentation to the replacements. For the most part, he avoided contact with them.

"They're all glad to be here making money," he said. "I don't know if they're aware they're taking our jobs or they don't care."

Cotterill said he blames Agilent's U.S. managers, not the Indian programmers, for what he regards as the betrayal of American workers.

"Twenty years ago, they said there were all these white-collar jobs and that if you got your training, you'd be OK. Then they outsourced that," he said. "It's not good for the country. I've occasionally thought they should reopen the House Un-American Activities Committee and bring all the CEOs up to Congress."

Cotterill tried to find another position inside Agilent, without success. He applied for a tech job in the marketing department. As part of the process, he was asked to write a 500-word article presenting Agilent's perspective on outsourcing.

The story he turned in probably took his interviewers aback. "Agilent CEO Ned Barnholt attacked over eight quarters of consecutive losses with all the tools at his disposal," he wrote. "Across-the-board layoffs, downsizing and outsourcing were the implements of choice in his management arsenal for guiding the company back to profitability, if only for the short term."

He decided not to pursue the job, which would have involved a pay cut.

Only days before his scheduled departure last week, another Agilent executive helped him lodge a last-ditch appeal to extend his employment for at least 12 weeks so he could qualify for early retirement. It was not until late Thursday that he learned the request had been rejected.

"The difficult reality is that your situation is one of many where someone has a very real reason for requesting a WFM [Workforce Management] termination delay," the memo stated.

"However, it is imperative that we consistently set termination dates based on business need. So while we certainly understand your reasons for wanting a delay, we must maintain adherence to the WFM policy and with the business decision that has been made by IT management."

Although Cotterill has lost faith in Agilent, he hasn't given up on the computer industry. He has lined up a two-week contract with a small consulting company, and a manager at Agilent wants him to do several months of consulting on an unfinished project. The catch: He would receive less pay and no benefits.

Meanwhile, he has been applying for jobs online and received callbacks from four IT recruiters. Three of them had Indian accents, he said. Among the first questions they asked: "Can you work in the U.S.?"

Friday afternoon, Cotterill cleared his desk and turned in his computer gear. His manager approached him and apologized for not arranging a department luncheon. They talked for a few minutes, then the

manager began preparing a Functional Exit Interview Memo he wanted Cotterill to sign.

"When he started filling it out, he asked me how to spell my name," Cotterill said. "I've been working for him three years, and he still didn't know how to spell my name."

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