

## **India to bag 15% of US tech jobs**

**CHIDANAND RAJGHATTA**

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WASHINGTON: Indian firms will perform 15 per cent of information technology jobs required by American companies by 2010 and save them \$ 30 billion annually to be invested domestically in the US, a new study on the hot-button issue of outsourcing has forecast.

By then, the Indian IT labour force will be more than three million-strong, and half of the workers will be performing jobs for US companies, the firm AMR Research said in a report whose contents point to a growing interdependency between U.S and India in the services sector.

Arguing at length that the outsourcing of work to India is good for U.S corporations, their stockholders and the American economy, the study claims that "With the savings from outsourcing to India, US companies can fund and launch 12,000 new strategic projects."

The study, "The Adolescence of Offshoring: Growing Up Fast," is one of the several in recent months that have challenged the populist assertion that outsourcing of US jobs is detrimental to the American economy. "Outsourcing to India will aid the U.S. economy if the savings from outsourcing continue to be reinvested in new strategic projects. The impact of these new projects can be huge," the study concluded.

Explaining the rationale for continued outsourcing, the AMR report said US companies use as much as 80 per cent of their IT budgets to maintain status quo. They are forced to delay investments in innovations that aid growth because they are spending too much of their limited IT budgets on non-strategic activities, such as data centre operations, application development and maintenance, and staffing help desks.

"It doesn't have to be that way...Companies effectively outsourcing to India can slash by 40 per cent to 50 per cent of these costs," the study argued. It said with an average US IT fully loaded labour costs approaching \$80,000 per worker per year, a worker in India represents a \$36,000 savings per year, and 1.5 million workers represent \$54 billion in savings each year.

"Our research shows that companies reinvest 60 per cent of savings from outsourcing in IT or business unit projects -- that's \$30 billion per year," it pointed out.

The study said investments that allow companies to improve by just 10 per cent their ability to fulfill orders that are complete, accurate, on time, and in perfect condition can result in additional earnings of 50 cents per share—a result that will please stockholders.

The AMR Research paper comes amid continuing concern in the U.S over the outsourcing issue and flight of jobs. A recent cartoon showed bewildered American kids being told make their Christmas wishes to a number in Bangalore -- because even Santa Claus has been outsourced.

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BY STEVE BREEN



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