

EUROPEAN UNION
European Social Fund
Article 6 Innovative Measures

Project

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Third MOOS workshop

On the 1st and 2nd of June, the Danish trade union HK/Privat hosted the third MOOS workshop in Copenhagen. About forty affiliates of the MOOS partners attended the meeting. After a word of welcome by Karin Retvig (president of HK/Privat), Tom De Bruyn (HIVA) discussed the updated version of the draft MOOS handbook. The handbook will be published in the next months. Leif Limkilde Bloch (HK/Privat) continued with an introduction to the working groups. In the working groups the different partners discussed the content and implementation of the training seminars on offshore outsourcing, which will be organised in September and October 2006 by the partner in their respective country.

The proceedings of the workshop can be downloaded on the MOOS website: <http://www.moosproject.be/events.htm>.

Highlights from the MOOS short trackers

An update of the MOOS fact sheet is available on the MOOS website: http://www.moosproject.be/Fact_sheet.htm. In the last 18 months the MOOS partners have reported 95 offshore outsourcing events, involving 74 companies. The fact sheet gives an overview of the activities, the source and the destination countries of these events.

MOOS goes beyond EU boundaries

The MOOS project is also receiving attention from institutions outside Europe. Monique Ramioul (HIVA) was invited to present the objectives and results of the MOOS project at two workshops on global sourcing in Vancouver – Canada.

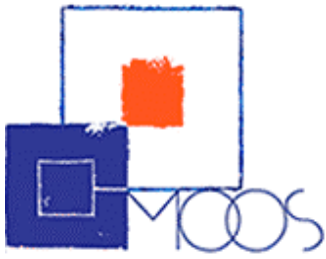
The workshops, entitled 'Work beyond boundaries', were organised by a research team led by the School of Community Planning and Centre for Human settlements at the University of British Columbia in Vancouver - Canada. The workshops were part of the EMERGENCE Canada project, funded by the Social Sciences and Humanities Research Council of Canada (SSHRC) Initiatives in the New Economy Program. EMERGENCE Canada is one of the several spin-off projects of the EMERGENCE research project. The latter was initiated by Ursula Huws several years ago within the framework of the 5FP of the EU (see <http://www.emergence.nu>).

A first workshop, Tuesday June 13, 2006, was aimed at North American researchers and academics with an interest in the issue. The second workshop, Wednesday June 14, 2006, brought together local community representatives, social partners and policy makers and focused on the implications of global sourcing for communities. This second workshop included several presentations from researchers summarising key findings, including MOOS, and also a roundtable discussion with policy makers on the most pertinent issues relating to global sourcing. For more information, see http://www.chs.ubc.ca/emergence/conf06_index.html.

News from Denmark

Leif Limkilde Bloch of HK/Privat describes recent offshore outsourcing events and important information in Denmark in his paper which can be downloaded on the MOOS website: <http://www.moosproject.be/docs/National%20report%20on%20offshore%20outsourcing%20in%20Denmark%20June%202006.doc>.

Highlights include new economic globalisation strategy papers of the Danish government and of the Danish Confederation of Trade Unions. The document also lists offshore outsourcing initiatives of KMD, ADP, CSC and TDC. The author concludes that multinational companies in Denmark offshore primarily to Eastern European countries. Nevertheless India still remains another popular destination region.



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BBC has overestimated savings in its IT outsourcing contract with SBS

In 2004 the British Broadcasting Corporation (BBC) signed a 10 year IT outsourcing deal with Siemens Business Services (SBS). The contract entailed moving 1,400 staff from the BBC to SBS and should have generated savings of about £35.2m a year. The deal was strongly criticised by union officials for selling out "crown jewels" of the BBC, and for overestimating savings. A report of the National Audit Office (NAO) has now confirmed part of these concerns. The BBC admitted to have made a mistake in its calculation by including a one off-cost. As a result the costs of running its IT in-house have been overestimated by £7.7m. A spokeswoman of the BBC argued stated that £27.7m is still "a huge saving". The union exclaimed its fears that in subsequent outsourcing deals similar overestimations of the savings have been made "to justify these sell-offs".

For more information: see

<http://services.silicon.com/itoutsourcing/0,3800004875,39160280,00.htm>.

1,000 jobs to be outsourced from India to Northern Ireland

As studies have been hinting for a couple of years, companies located in known off-shoring locations are expanding their activities in new or upcoming destination countries. One of the largest business process outsourcing companies in India, ICICI OneSource, has announced to create two call centre subsidiaries in Northern Ireland (Belfast and Londonderry). This would result in the creation of 1,000 jobs in this region. The company has taken this decision to fulfil the need of a number of client companies, mostly based in the UK. The latter want to outsource their call centre operations, but are reluctant to move work to India.

For more information, see <http://www.icicionesource.com/mediaCenter/mePressReleases.html> and http://www.channelregister.co.uk/2006/06/14/ni_india/print.html.

Read for you: Amicus Outsourcing Negotiator's Checklist

The UK trade union Amicus recently published an Outsourcing Negotiators Checklist. This is a useful instrument for trade union representatives who see themselves faced with offshore outsourcing initiatives. The Checklist lists ten pertinent questions to ask your employer. The document is available on the MOOS website: <http://www.moosproject.be/docs/AmicusSectorOutsourcingleafletrev1May06.pdf>.

Read for you: 2006 Global IT Outsourcing Study of Diamond Cluster

The global management consulting firm Diamond Management & Technology Consultants (formerly known as DiamondCluster International) has published its annual Global IT Outsourcing Study. The researchers asked several hundreds senior executives from buyer and provider organisations about their opinions on IT outsourcing topics. Probably the most eye-catching conclusion of the study consists of the statement that the IT outsourcing boom appears to be over. While in a similar study of 2004, none of the respondents said they would decrease outsourcing activities, this year eight to 9 percent were planning to decrease their levels of outsourcing. The enthusiasm is falling due to one or more of the following reasons: (1) companies have outsourced a core businesses or function and for strategic reasons were forced to bring them back; (2) the provider promised to perform too many activities and could deliver these; (3) the management and measurement of the outsourcing projects and relationships proved to be more complex



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than was expected. Nevertheless these concerns, buyers expect a rise in outsourcing activities in the next year, although the pace will be slower than in the past years. The main destination countries remain India and the US, while China is becoming increasingly popular.

For more information, see http://www.diamondconsultants.com/PublicSite/ideas/perspectives/downloads/Outsourcing2006_Diamond.pdf.

Read for you: Offshoring of IT Services. A Swedish Perspective of ITPS

This study, written by Karin Hovlin of the Swedish Institute for Growth Policy Studies (ITPS), describes the most important trends in Sweden on the basis. Statistical evidence shows that trade in computer and information services with typical offshore and other countries, is growing. Swedish IT companies are increasing the number of employees in offshore locations, whilst the number of temporary work permits to Indian nationals has also risen. However, the actual relocation of jobs abroad seems negligible, according to available data. The author warns that this could also be explained by a reluctance of companies to disclose this kind of information. Another explanation might be that the jobs created offshore are new and were never in Sweden anyway.

For more information, see http://www.itps.se/Archive/Documents/Swedish/Publikationer/Rapporter/Allm%C3%A4nna/A2006/A2006_008_consensus.pdf#search=%22%20Offshoring%20of%20IT%20Services.%20A%20Swedish%20Perspective%22.

Tom De Bruyn
Monique Ramioul