

Welcome to our workshop “Dutch and Indian cooperation”

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The Netherlands is lacking more than
10,000 ICT specialists in the next few
years!!!!



1. Definitions
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3. Why India? Why The Netherlands?
4. Future Skills prediction
5. Successes and Failures of outsourcing
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Some definitions



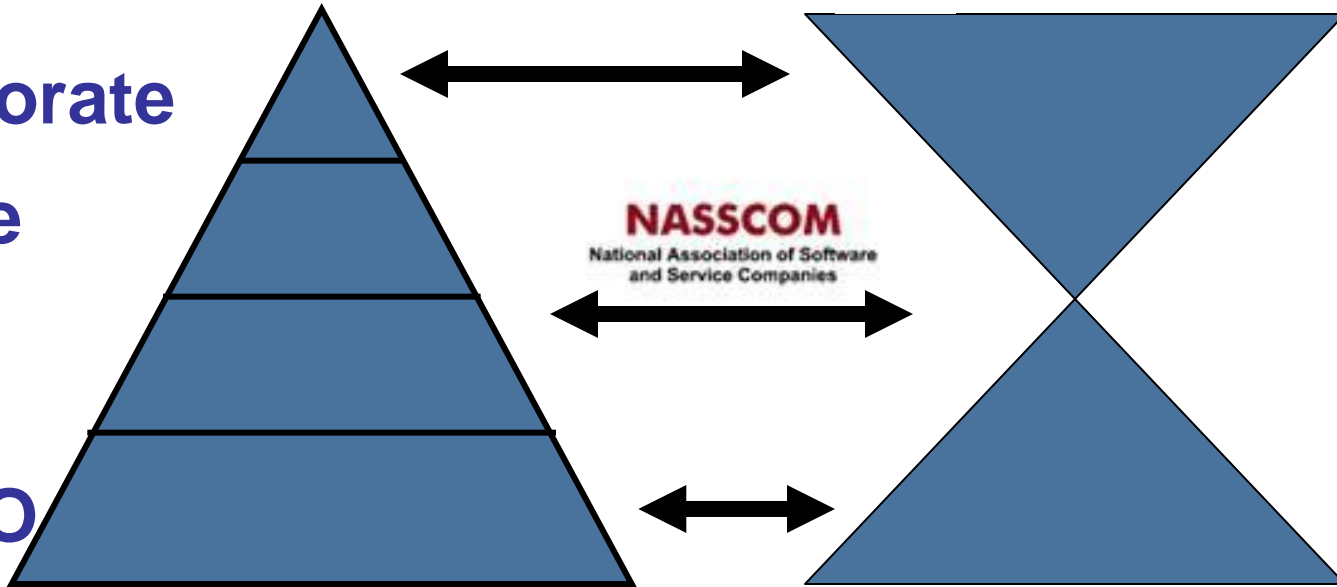
Term	Name	Area
KPO	Knowledge Process Outsourcing	Market research, legal processes
BPO	Business Process Outsourcing	Back office, HRM, Finance
IT Services	Information Technology Services	Consulting, System Integration, Hosting
ITES	Information Technology Enabled Service	Internet related work, cost reduction
ITO	Information Technology Outsourcing	Internet related work, cost reduction

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Sourcing & SMEs: Finding the way



Corporate
Large
SME
SOHO



RentACoder

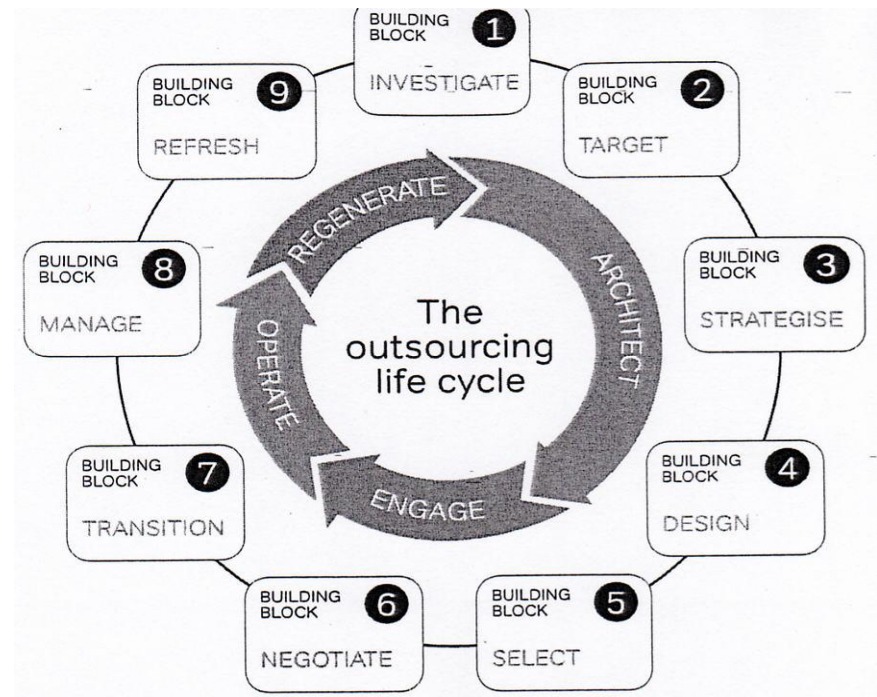


Projectbidz
Real Projects. Expert Freelancers.

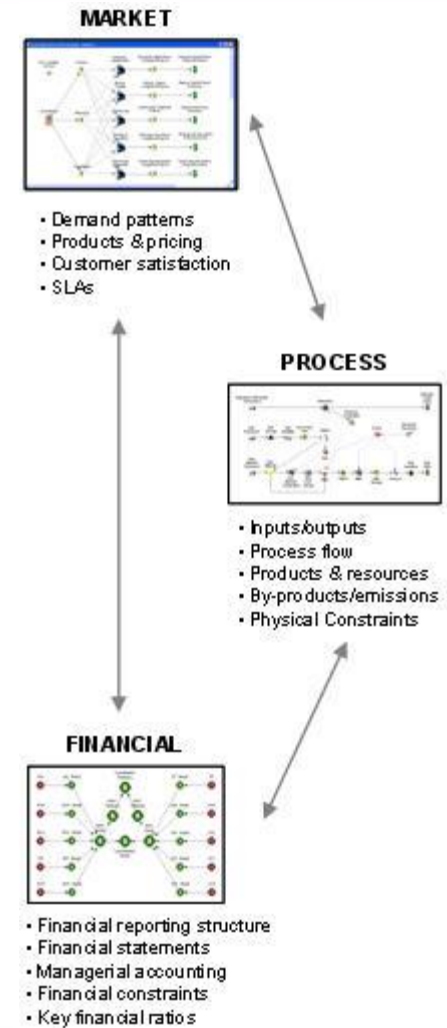
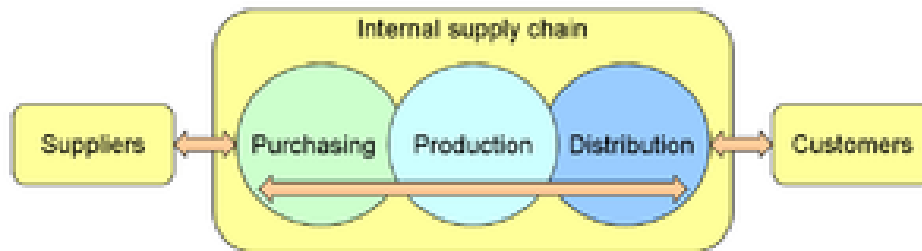


- Small & Medium Enterprises (SMEs) typically do not score top of the list of employers of choice
- **IT specialist shortages will hit SMEs hardest**
- SMEs need to look abroad for fulfilling IT challenges
 - Bring the work abroad (offshoring), or
 - Bring foreign IT specialists to the Netherlands
 - Improve business processes
- And: cost, quality & know how!

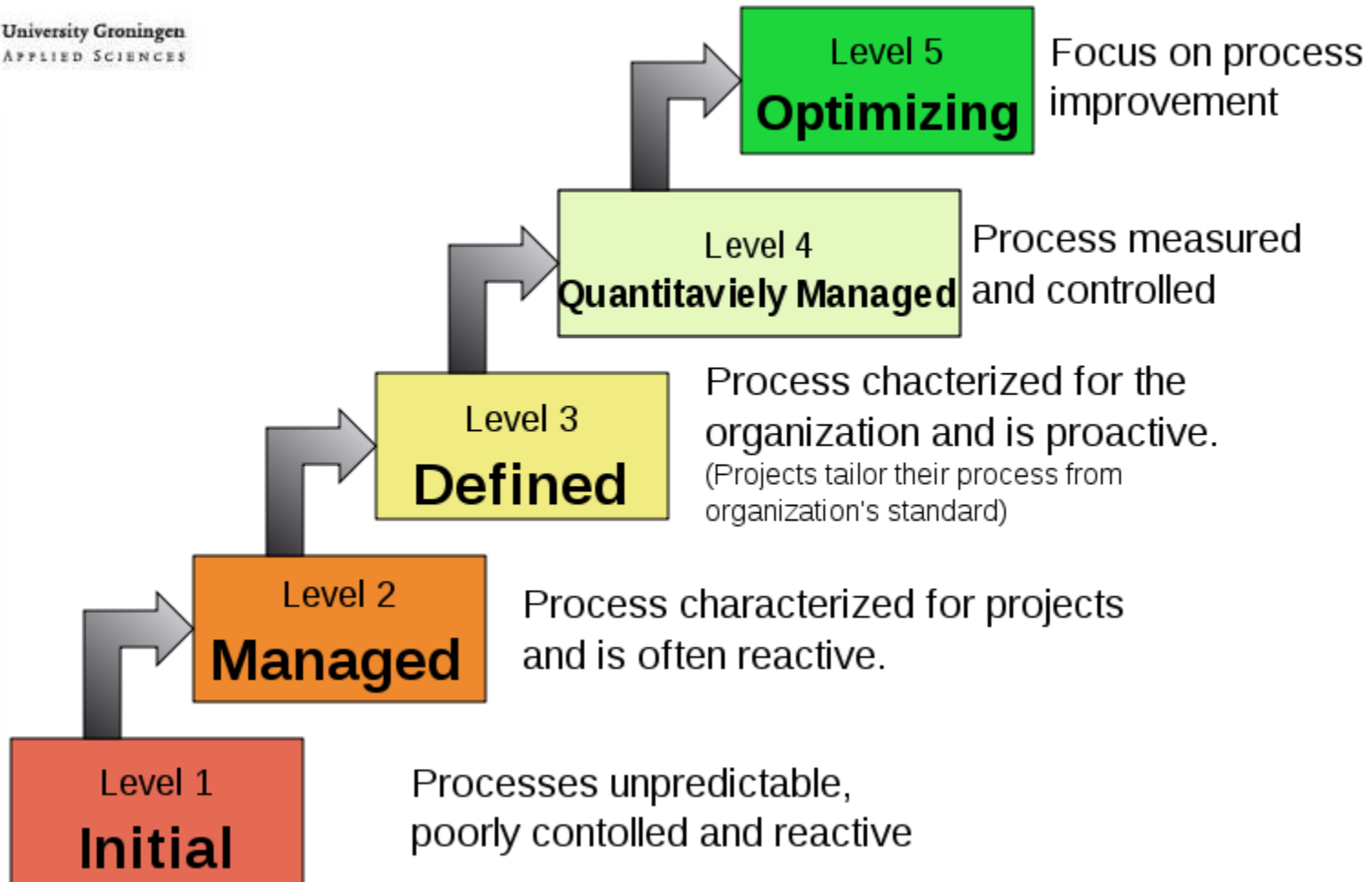
- **Strategic analysis**
- Process- activity selection
- Partner selection
- Pilot implementation
- Controlling



Strategic Analysis:



Characteristics of the Maturity levels



Capability Maturity Model – Integrated

Level	Focus	Process Areas	Result
5 Optimizing	<i>Continuous process improvement</i>	Organizational Innovation & Deployment Causal Analysis and Resolution	Productivity & Quality
4 Quantitatively Managed	<i>Quantitative management</i>	Organizational Process Performance Quantitative Project Management	
3 Defined	<i>Process standardization</i>	Requirements Development Technical Solution Product Integration Verification Validation Organizational Process Focus Organizational Process Definition Organizational Training Integrated Project Management Risk Management Decision Analysis and Resolution	
2 Managed	<i>Basic project management</i>	Requirements Management Project Planning Project Monitoring & Control Supplier Agreement Management Measurement and Analysis Process & Product Quality Assurance Configuration Management	
1 Initial	<i>Competent people and heroics</i>		

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Capability Maturity Model Integration (CMMI) Model Framework (CMF)



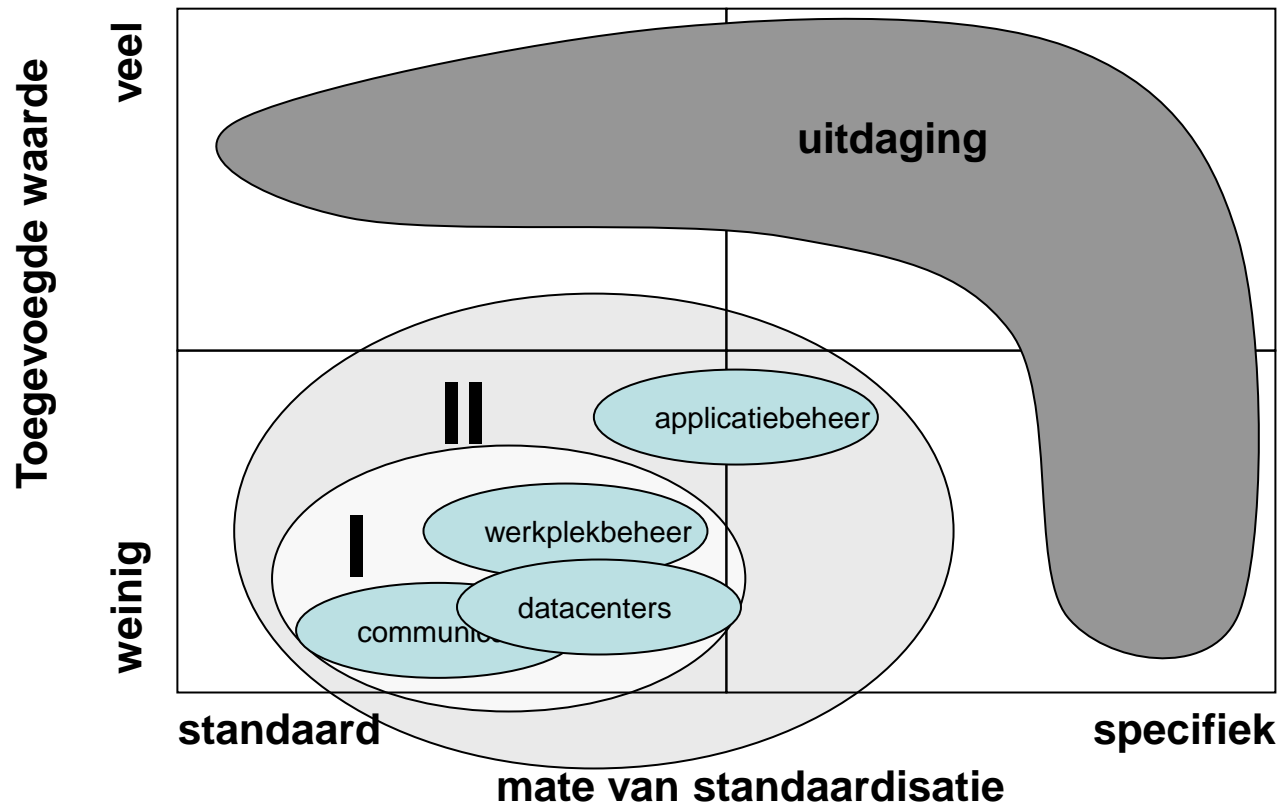
Capability Maturity Model Integration (CMMI) Model Framework (CMF)

Abbreviation	Name	Area	Maturity Level
REQM	Requirements Management	Engineering	2
PMC	Project Monitoring and Control	Project Management	2
PP	Project Planning	Project Management	2
CM	Configuration Management	Support	2
MA	Measurement and Analysis	Support	2
PPQA	Process and Product Quality Assurance	Support	2
OPD	Organizational Process Definition	Process Management	3
CAR	Causal Analysis	Support	5

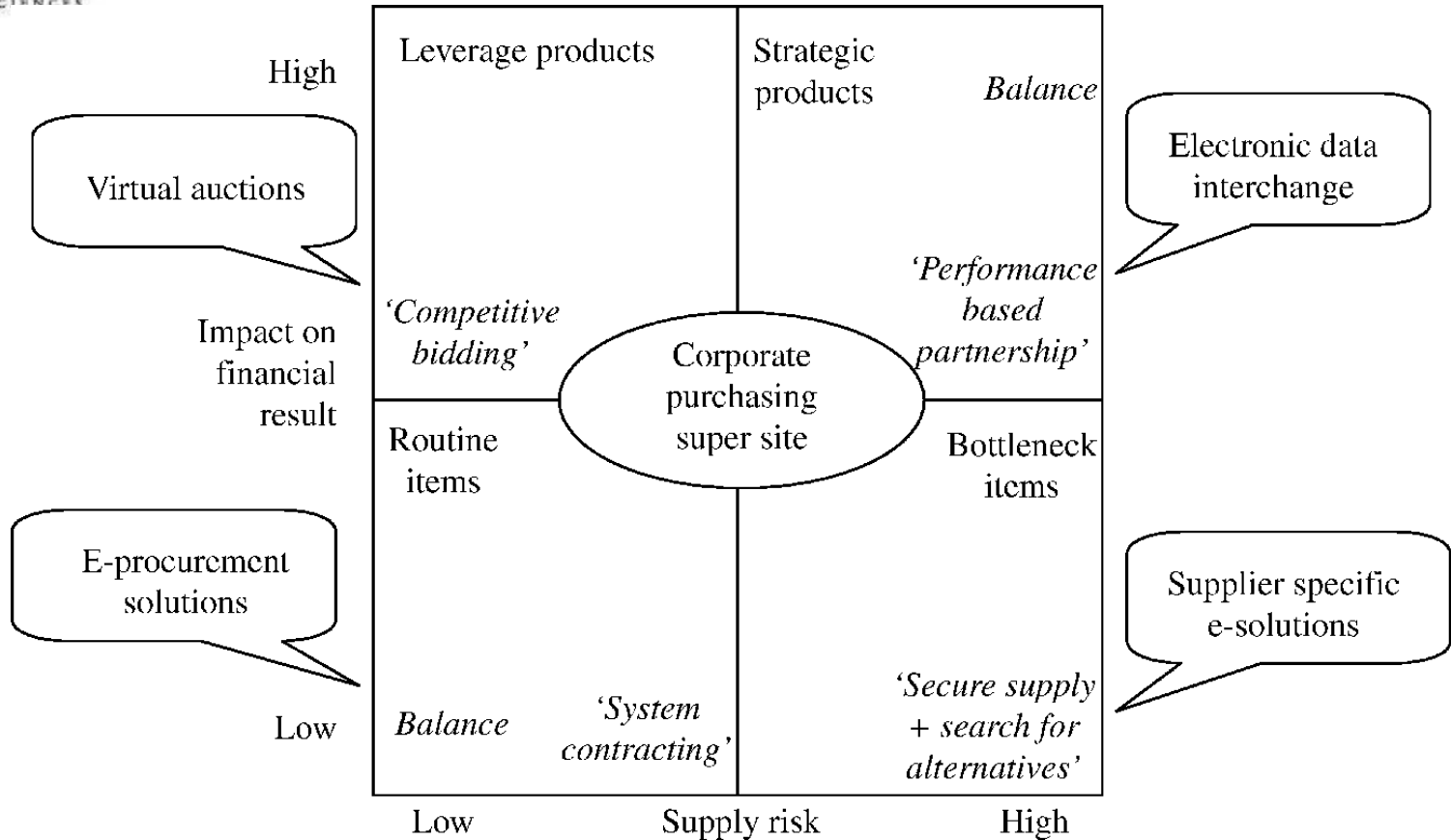
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Relation of Added Value and Standardization of processes, (to be continued)

Kraljic model



Continued: Relation of impact on financial results and supply risk



- **Organisation and human resource management**
 - *Functions, competences, ...*

SMEs HRM outsourcing plan:



What?

- transactional HR work (payroll) is done by in-house staff so that access to experts who may provide advice in atypical situations makes sense
- Experts provide the management of one-off services (such as computer training)
- Experts ensure that the company is complying with current legislation

Why?

- Outsourcing is not the same as using consultants who may provide assistance on a project-by-project basis.
- Small businesses are looking for a long-term relationship with a provider who understands small business in general and their business in particular.

- **Great history in software development**
- English Language proficiency
- Government Support and policies
- **Cost advantage**
- Strong tertiary education
- Process quality focus
- **Skilled workforce**
- **Expertise in new technologies**
- Entrepreneurship

- **Reasonable technical innovations**
- Reverse brain drain
- **Existing long term relationships**
- Creation of global brands
- **BPO & Call center offerings**
- Expansion of existing relationships
- Leverage relationships in West to access overseas markets
- **Indian domestic-market growth**

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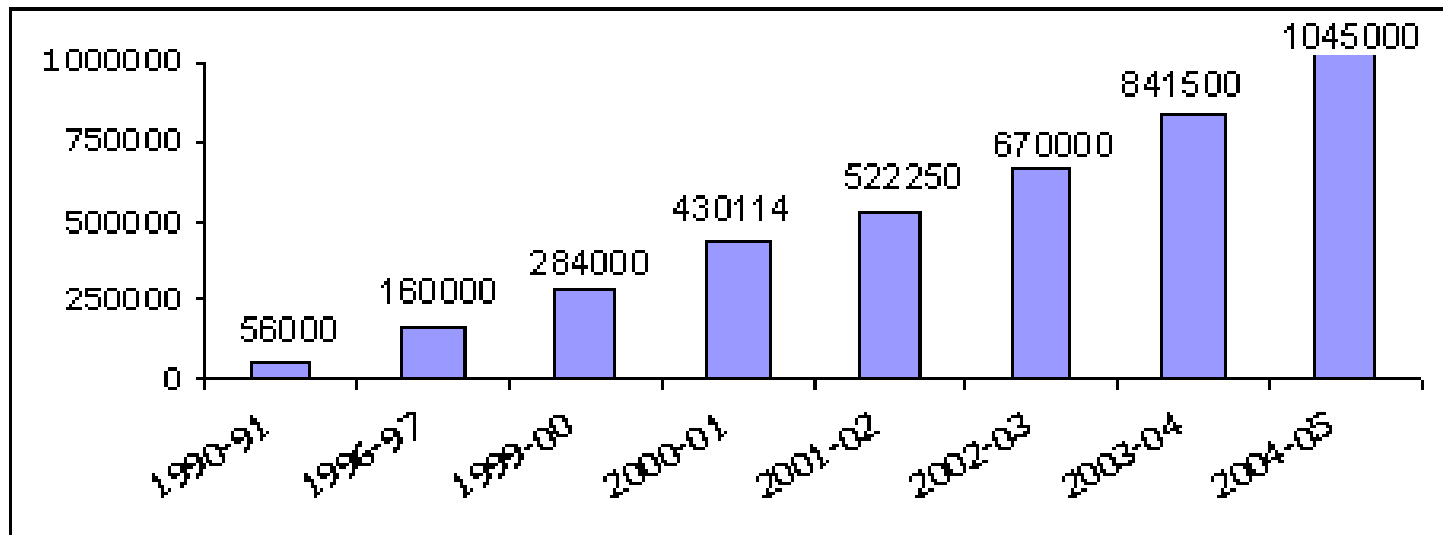
Why India? Some figures, Source: NASSCOM



- IT BPO industry 71,7 billion USD (5.8% of GDP in 2009)
- Software & Services 26,9 billion USD (2009)
- Direct employment 2,23 million people
- Indirect employment 8 million
- Graduates 350,000 annually to the talent base
- Highly skilled people Knowledge professionals

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Growth in Professionals (IT)



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Why The Netherlands? Some figures



IT Vacancy Trends

In 2009, **27%** decline in the number of vacancies advertised online.

The Netherlands ICT sector will still facing a shortage of **11,714 ICT** professionals by 2012.

	2008	2010	2012
Shortage of ICT professionals	5.958	8.137	11.714
Total number of working ICT professionals	152.008	160.639	169.761

Contract or Permanent Jobs

In 2009, the IT Job Board site in The Netherlands advertised 75% of permanent roles and 25% of contract positions versus 90% and 10% respectively in April 2008.

Shortage equals approx 5-10% of available jobs requiring higher IT education

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Probably Future skills of IT Professionals in The Netherlands



According to Computer Week, the following skills are expected to be among the hottest for 2009-2010:

1. Help Desk / Technical Support
2. Programming / Application Development
3. Project Management
4. Networking
5. Business Intelligence
6. Security
7. Web 2.0
8. Data Center
9. Telecommunications

Furthermore, a growing trend towards **SaaS and SOA** (Service Oriented Architecture) as well as '**Green Computing**' will have a direct impact on the demand for infrastructure specialists.

Developers with experience in open source will also increase in demand as it is believed that 40% of IT jobs will be linked with **open source** by 2020.

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Success and Failure factors in outsourcing with India



Successes	Failures
Early relationship	Economic distance
Continuity	Cultural distance
Fostering intellectual capital	Employee morale
Country openness	Country risks
New products and services	Managing too many stakeholders
Redesign business processes	
Deliver products and services faster	

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Lessons learned: Quotes from corporates (to be continued)



- What we need is collaboration from our suppliers. Collaboration only happens if there is a higher level goal for everyone. *Han Wijns, KPN*
- A proactive partner is alligned in thinking with you and comes up with new ideas and innovation. They think for me!....*Senior Manager, Insurance company*
- For us, innovation is the sum of technology, creativity and organization. *Gerben Mak, NL Director for innovation, Logica*
- Outsourcing allowed us to get out of low value-added administrative work and become more strategic. Our department at head office has 12 staff today compared to 40 in 1994. But, with our change in focus, our performance within the organization has taken a quantum leap (*Burn, 1997*)



Michael Dell, Dell Computers

"India can become a major part of Dell's operations and a major source of the human capital that Dell takes on as a company... and we are looking for further opportunities to take advantage of skilled labour."



Jack Welch General Electric

"A truly global company will be one that uses the intellect and resources of every corner of the world. India is a developed country as far as intellectual capital is concerned. The opening of (offshore) development centres mark a new level of commitment by GE in india."

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Relationship Quality



Successful connections, collaborations and relationships are based on trust. Trust is part of the quality level of relationships and therefore, part of social (human) capital.

Social capital (human capital) as part of relationship quality

<i>Social capital dimension</i>	<i>SCE practice</i>
Structural (Network ties and configuration)	1. Utilize multiple suppliers to enhance network ties and to increase social networks .
	2. Increase network utilization and frequency and maintain multiple connections by unitizing projects into small segments.
	3. Ensure knowledge retention and transfer by requiring supplier to have shadows for key supplier roles.
Cognitive (Shared goals and culture)	4. Strengthen cultural understanding by visiting the offshore supplier and project teams.
	5. Clarify goals by communicating the offshore strategy to all parties.
	6. Integrate the supplier's employees into the development team.
	7. Co-train internal employees and supplier employees to communicate goals and increase cultural awareness.
Relational (Trust)	8. Increase internal trust by understanding and managing the talent pipeline.

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Our initial conclusions



- Strategic steps as a „must“ (market pressure) to keep competitiveness
- IT specialists are lacking in the next few years in SMEs, so act **now** and not in a few years
- Great opportunities for SMEs to look abroad because high potentials are available (e.g. in India)
- Tool kits for looking abroad are available to lower risks
- Share your ideas, intentions and planned activities with others
- Enrich your valuable business by out sourcing or in sourcing

What can the next steps be?



- Think about outsourcing carefully (together with us)
- Use the enormous physical and mental capacities offered by India
- Improve your business processes
- Ask for help and support
- Dare to make a step into a “new world”
- See all the opportunities but think about disadvantages as well
- Join our network / expertise center to further develop your business processes and your access to high potentials

Be prepared:

- ✓ to **accept** that there will always be someone who buys more cheaply or more expensively than you.
- ✓ to **know** that India is unique.
- ✓ to **acknowledge** that in most cases people regard you as a short-term customer.
- ✓ to **accept** that in most cases people won't recognize the value of a lifetime customer. They haven't had that experience.
- ✓ to **accept** people as they are.
- ✓ to **have** a "Plan B" in case all else fails.

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Thank you very much for your
attention!

Questions?

