



MEDIA RELEASE

ACS: Time for Australian ICT to sit at World Table

Australia should target the next wave of “knowledge-based” ICT global outsourcing worth \$16 billion

Sunday 18 September 2005, The ACS (Australian Computer Society) today called on the ICT industry and State and Federal Governments to urgently galvanise to promote Australia’s capabilities as a global hub for knowledge-based ICT-enabled Analytics services – or miss out on billions of dollars worth of potential offshoring business.

High-end analytics work (or Knowledge Process Outsourcing, KPO) is in growing demand amongst the US, European and Japanese markets, representing a global outsourcing market worth between \$12 billion and \$16 billion globally by 2010.

If successful, Australia’s “onshoring” efforts could capture a significant share of potential global employment of **between 150,000 to 200,000 highly qualified full-time workers**, according to independent offshoring advisors and managers, Swamy & Associates, who were commissioned by the ACS to produce a report on Australia’s onshoring capabilities.

The ACS Onshoring Policy, released today by ACS president Edward Mandla, identifies four main analytic areas suitable for onshoring to Australia over the next three to five years: financial services; strategic business intelligence and research; risk and quality management; and research and development.

To drive this opportunity, the ACS has renewed its call to develop **a national agency to coordinate the promotion of successful Australian onshoring developments**. The ACS believes the role of this body should be similar to India’s NASSCOM – a critical force in India’s success as a global outsourcing destination. The new body would require a professional setup including a world class CEO, Chairman and a Board of Directors with full representation of industry associations and state governments. The goals of the organisation would be to: reduce the trade deficit, increase multinational participation and local collaboration, create and market a global brand, encourage investment in Australian ICT and develop ICT sales and marketing growth strategies.

Mr Mandla said the research and policy framework for onshoring is a natural next step to the ACS Offshoring Policy released last year: “Offshore-outsourcing of processes has so far been characterised by considerable community anxiety and

apprehension within Australia. Yet the emerging reality is that Australia can look at the global trend toward offshoring as an opportunity rather than a threat,” he said.

”Global offshoring has moved to the next level and we need the support of government and industry to capture the opportunities. Phase one was basic administrative and processing tasks. Phase two is knowledge-based analytics. As a medium cost destination, Australia is ideally suited to take on knowledge-based, ICT-enabled analytics services.

“Despite this opportunity, Australia is not seen as a top-of-mind destination. There’s a tangible need for a national agency to represent the interest of government and industry to

develop a long term strategy for the Australian ICT sector, facilitate international partnerships and promote the benefits of onshoring work to Australia.

“The current industry landscape in Australia consists of more than fifteen industry associations giving mixed messages, and with an over reliance on volunteers and a lack of funds to develop programs. There is no 10 to 15 year plan and there are competing state and federal interests. The result is there’s no appropriate government policy which addresses these opportunities, and it appears no true willingness to have Australia positioned as a global technology player.

The ACS Onshoring policy argues that Australia’s workforce is between 20 and 40 per cent more affordable than the US, UK, Japan and major European centres and cites Australia’s other key onshoring advantages such as:

- a sophisticated financial services sector,
- a highly skilled and productive workforce,
- excellent infrastructure, including strong Business Continuity Planning processes,
- strong multi-lingual skills across both European and Asian languages,
- respect for intellectual property,
- a stable political and economic environment, and
- transparent legal and governance systems.

“We can’t match the low labour costs in popular third party offshoring service providers such as India, Philippines and Poland but we know that by their own admission they are seriously limited by significant skill-set shortages and infrastructural inadequacies in terms of managing Analytics processes,” said Mr Mandla. “Opportunities exist not only to compete with these countries, but also to partner with them in knowledge-based services.

“This is a golden opportunity for Australia to take its rightful seat at the world table and convert its traditional industry strengths into a sustainable means of reducing the trade deficit, re-positioning itself as a sophisticated services exporter

and contributing to the long term success of the Australian economy,” he said.

ACS: the path forward:

- Raise awareness of this opportunity with Federal and State Governments and relevant Australian industry sectors.
- Hold joint Federal and State Government and ICT industry discussions on establishing a national agency to coordinate the promotion of successful Australian onshoring developments;
- Stage joint Federal/State Government-sponsored ‘roundtable’ with key industry sectors and Indian outsourcing firms.
- Identify key target analytics sectors to kick start this opportunity.
- Identify service providers and customers in the US, Japan and Europe and developing an actionable short list of target organisations to actively engage.
- Federal/State Government-facilitated ‘one on one’ discussions with interested Indian and Australian parties to explore partnership opportunities in financial services analytics.

Further information:

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This media release is located online at www.acs.org.au/news/180905.htm, the ACS Onshoring Policy at www.acs.org.au/acs_policies/docs/2005/onshoringpolicysep05.pdf, and Onshoring research paper at www.acs.org.au/attachments/OnshoringIT.pdf

About the ACS: The ACS (Australian Computer Society) is the recognised professional association for those working in Information and Communications Technology, seeking to raise the standing of ICT professionals and represent their views to government, industry and the community. A member of the Australian Council of Professions, the ACS is the guardian of professional ethics and standards in the ICT sector, committed to ensuring the beneficial use of ICT for all Australians. It provides both members and non-members with opportunities for professional education, networking and certification, as well as enabling them to contribute to the development of their profession. Visit www.acs.org.au for more information.

About Swamy & Associates: Swamy and Associates are an Australian-owned firm of Independent Offshoring Advisors and Managers specializing in advising financial services corporates, federal and state government agencies and professional associations on various aspects of their offshoring policies and strategies. Their current area of focus is centred around the Global Analytics Outsourcing trend (also called Knowledge-Process Outsourcing, KPO) especially in relation to the creation of global analytics onshoring hubs within Australia. Their founder and director can be reached at sriraman@swamyandassociates.com.au or directly at (61) (414) 629 981.