

ACS plans to keep knowledge at home

Mark Jones

The Australian Computer Society has launched an ambitious campaign to convince the nation's technology sector it can secure a slice of an emerging onshore services business worth up to \$US16 billion (\$20.8 billion) by 2010.

The ACS and Swamy & Associates, a Sydney-based research company, yesterday detailed a plan to attract high-level knowledge-based outsourcing activities to Australia and reverse a trend that has seen much of this work sent offshore.

The two organisations argue Australia risks being sidelined in a global services business already worth \$US1 billion this year, and say the IT industry faces a huge challenge getting support from federal and state governments.

The work, known as knowledge process outsourcing (KPO), is seen as the next step in the evolution of the global outsourcing business that has mushroomed over the past decade and spawned huge services companies around the world, such as India's Infosys, WiPro and Tata.

It relies on highly skilled technology and business professionals using sophisticated technology to analyse company data.

Australia must compete with countries such as South Africa,

Ireland and Romania that already attracted this work in areas such as

financial services, risk management, and research and development, according to the ACS.

"Put simply we are talking about \$US100,000-plus jobs finding their way from New York to Sydney, Melbourne or Brisbane," said Sri Annaswamy, founder and director of Swamy & Associates, the independent advisory firm commissioned by the ACS to investigate the issue. Swamy & Associates researchers spent 12 months studying about 20 major analytics companies such as former GE Capital subsidiary Gecis, and Inductis Inc, a data-mining analytics service provider.

The ACS released a report on the study yesterday at an industry conference hosted by technology media business MediaConnect. It says Australia's technology skills are up to 40 per cent cheaper relative to the UK, Japan, the United States and some European countries.

Australia is suited to conducting KPO services due to its skilled workforce, "sophisticated financial services sector" and transparent legal and corporate governance systems, according to the ACS.

ACS president Edward Mandla said the issue was critical given the IT cost pressures facing Australia's financial services and insurance sectors, which employed about 35 per cent of Australia's technology professionals either directly or indirectly through outsourcing companies like IBM, EDS and CSC.

Mr Mandla said it was becoming harder for technology workers to develop the higher-level skills needed to conduct KPO activities in Australia, when many companies viewed technology as a tactical resource.

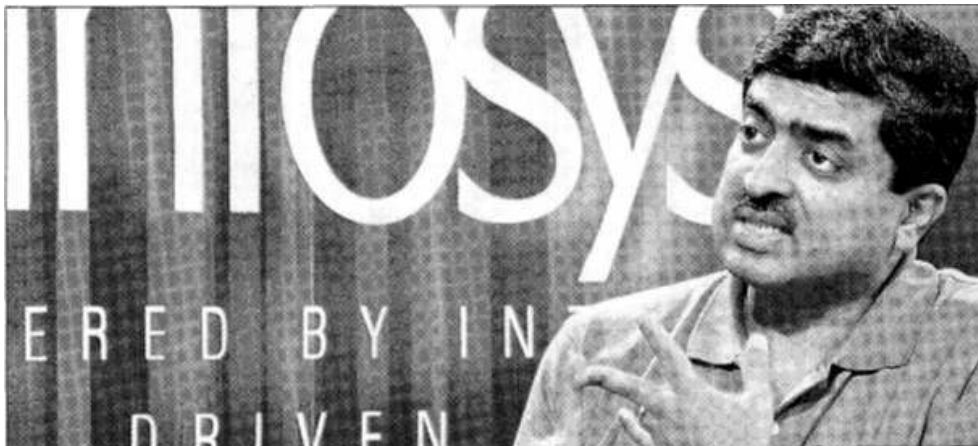
That issue had been manifested in the wage and conditions battle between EDS and a union representing its workers, the Association of Professional Engineers, Scientists and Managers, Australia.

"If management is going to view IT people as spreadsheet resources, then maybe in the large IT outsourcers, unionism is inevitable and appropriate," Mr Mandla said.

The ACS believes the federal government should support a body to promote a 15-year strategy that promotes onshoring work to Australia. Mr Mandla said the Minister for Communications, Technology and the Arts, Helen Coonan, would be presented with a copy of the report.

KEY POINTS

- The ACS has a plan to attract knowledge-based outsourcing activities here rather than offshore.
- It argues Australia is being sidelined from a huge market.
- Countries such as South Africa, Ireland and Romania are competing for this business.



Nandan Nilekani of Infosys Technologies, which has benefited from the explosion in IT outsourcing.

Photo: REUTERS