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CURRENT TRENDS IN GLOBAL IS OUTSOURCING

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Part 1: Statement of the panel topic and the target audience

Global Information Systems Outsourcing: Current Trends and Future Challenges

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Target Audience: Researchers and practitioners in the area of outsourcing and industry thought leaders.

Part 2: Statement of the panel objectives (to disseminate new viewpoints, to foster debate etc.)

IT (Information Technology) outsourcing is one of the most prolific areas of research in the recent years. It is an act of delegating or transferring some or all of IT related decision making rights, business processes, internal activities, and services to external providers, who develop, manage, and administer these activities in accordance with agreed upon deliverables, performance standards and outputs, as set forth in the contractual agreement. Global offshore outsourcing, involves contracting with a low-cost offshore service provider that assumes responsibility for all or part of the information systems development lifecycle. In addition to lower cost, other benefits of offshore development and outsourcing include access to specialized technical skills and services, and the ability to respond to IT labor shortages according to variations in global supply and demand.

Enterprises within and outside the IT industry have long used offshore development and outsourcing to reduce information systems development and maintenance costs and as a source of specialized, low-wage workers. In the last decade, there has been a spur of activities in offshore outsourcing which is driven by the e-Business revolution and a worldwide demand for IT skills. This contributed to the growth of IT related industries in countries such as Ireland and India. Meanwhile, vendors from the Philippines, Russia, Hungary, China, Taiwan, Mexico, and other countries entered the market, and in some cases, adapting business models established by Indian firms that have dominated the services sector in the past decade. The emergence of new offshore centers has been marked by new approaches and skill sets, adding to the services and value propositions that define the offshore sector today.

There are several major aspects of the panel discussions that are summarized by the following unanswered and possibly not well understood issues:

- What is the current state-of-the-art in the areas of risks in global IT outsourcing? Is there a way to quantify the risk in a meaningful way as the researchers have not yet come up with a good strategy?
- With increasing fluctuations in global currency markets, how one should take advantage of the cost arbitrage and negotiate contracts?
- What are the cross cultural issues related to global outsourcing?
- How do you choose the right outsourcing partner when there are so many choices available in different countries?
- What are the future trends in outsourcing based on the current economic crisis?

CURRENT TRENDS IN GLOBAL IS OUTSOURCING

In the recent years, with globalization and improved communication infrastructure, there has been a spur of activities on global outsourcing also known as offshore outsourcing. Offshore outsourcing had been considered as an irreversible mega trend, in view of such factors as lower domestic economic growths during the years 2001-2003, increasing domestic wage rates during the years 1998-2000, and ability of the offshore vendors to offer lower wage rates. Also, in view of the domestic economic crisis and competitive lower rates offered by domestic IT service

providers, and increasing feedback on outsourced offshore software projects in year 2002-2003 as being made available, will throw some light on the earlier assumptions of offshore outsourcing being considered as an irreversible mega trend. Further, some state governments are taking steps to reduce offshore IT outsourcing under domestic and political pressures. The current trends in global IT outsourcing can be summarized as follows:

- a. *More software related work will be outsourced overseas in the coming years.*
- b. *Some of the major corporations are opening dedicated offshore development centers.*
- c. *The standardization and protection of intellectual property (IP).*
- d. *Global outsourcing moves up the value chain, more developing countries join the outsourcing marketplace*
- e. *Stratification of offshore countries based on cost and skill sets.*
- f. *Outsourcer and the vendor are forming long-term strategic partnerships.*
- g. *Application on demand based enabled by ASP (Application Service Provider) is becoming popular*

Discussions of Future Research Directions

As IS outsourcing matures, its implications, issues and challenges are also evolving. We discuss a number of issues and future directions of research which appear to be important. Further research will be necessary to determine the potential benefits and impact.

- *Focus on core competencies*
- *The Growth in Alliances/Partnerships*
- *Equity Holding Deal*
- *Offshoring*
- *Insourcing*
- *The Rise of ASP*
- *Security and protection of intellectual property (IP)*

In addition these are some of the interesting points for the panel discussion:

Finance Risk factor - Satyam is a very engaging discussion area. There are second thoughts on outright outsourcing. Trend could be that companies could set up their back office subsidiaries (like IBM, Citibank) to do the outsourcing work utilizing low cost labor pool plus high caliber knowledge source.

Political - During dire economic crisis like now, there are a lot of hard sentiments expressed by some politicians and local government against moving jobs. Trend could be a moderation in outsourcing rather than en-masse outsourcing.

Part 3: Statement of the panel format (number of minutes for each panelist, number of minutes for Q&A) The panel will consist of a chairperson (main organizer and facilitator) and a maximum of three excerpts (panelists).

The chairperson will give the keynote speech for maximum ten minutes and each panelist will be given 5 minutes for presentations. After that the panel will be open for audience for Q&A and discussions. 30 minutes will be allocated for Q&A.

Part 4: Bio of each panelist, and the panel facilitator, emphasizing those aspects in the bio that make the individual highly qualified to serve on the given panel

Panel Organizer/chair: Dr. Subhankar Dhar:

Subhankar Dhar is an Associate Professor in the Department of Management Information Systems at San José State University. Dr. Dhar's research interests are in the area of global

information technology outsourcing. He has published several peer reviewed journal articles and conference proceedings on outsourcing. He is currently engaged in research in the area of risk management for global IT projects. He teaches a variety of courses including telecommunications, data communications and networks, and distributed information systems. His publications have appeared in reputed international journals and gave presentations to various international conferences. He serves as a member of the editorial board of International Journal of Business Data Communications and Networking. He is a reviewer of papers for various international journals, conferences and scholarly publications. He also served as a member of the organizing committee of various international conferences like International Conference on Broadband Communications, Networks and Systems (BroadNets) and International Workshop on Distributed Computing (IWDC).

Dr. Dhar is also an affiliate faculty member of the Silicon Valley Center for Entrepreneurship and has several years of industrial experience in software development, consulting for Fortune 500 and high-tech industries including product planning, design, and information systems management. Dr. Dhar received his Ph.D. from the University of South Florida and M.Sc from Jadavpur University, Calcutta , India.

Panelist: Dr. Ramamurti Sridar is currently a senior project manager on Global Network Infrastructure Management project working with Cisco since 2006. He was with IBM from 1984 to 2005 assuming leading responsibilities in Mainframe Application Development, Database Development, and Software Development Infrastructure. Sridar has managed several large scale outsourcing projects and is a PMI certified Project Manager (PMP), and IBM certified Senior Project Manager (ICP). He received his undergraduate degree in Electrical Engineering from Madurai University, India, undergraduate degree in Computer Science from Kansas State University, MS degree in Computer Science from Oregon State University, MBA degree from Pepperdine University, and DBA degree from Nova Southeastern University. Dr. Sridar is currently an adjunct faculty at San Jose State University in the MIS department of College of Business.

Panelist (tentative, to be confirmed): Rafiq Dossani is a senior research scholar at Shorenstein APARC, Stanford University, responsible for developing and directing the South Asia Initiative. His research interests include South Asian security, and financial, technology, and energy-sector reform in India. He is currently undertaking projects on regional integration, innovation in outsourcing, engineering education, access to capital and entrepreneurship in information technology in the South Asian subcontinent. His most recent books are India Arriving, published in 2007 by AMACOM Books/American Management Association (reprinted in India by McGraw-Hill, 2008, and forthcoming in China, by Oriental Publishing House, 2009), Prospects for Peace in South Asia (co-edited with Henry Rowen), published in 2005 by Stanford University Press, and Telecommunications Reform in India, published in 2002 by Greenwood Press.

Dossani earlier worked for the Robert Fleming Investment Banking group, first as CEO of its India operations and later as head of its San Francisco operations. He has also been the chairman and CEO of a stock broking firm on the OTCEI exchange in India, the deputy editor of Business India Weekly, and a professor of finance at Pennsylvania State University. He holds a BA in economics from St. Stephen's College, New Delhi, India; an MBA from the Indian Institute of Management, Calcutta, India; and a PhD in finance from Northwestern University.

In addition to the above mentioned panelists, two other experts have expressed interest to participate in the panel and we expect at least one will join this panel.

Part 5: Statement of any equipment needed: Laptop and LCD projector

Appendix

Selected References (Most recent)

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