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OUTSOURCING to INDIA

By G.K. KALYANARAM

Recently, I called J2Efax billing group to sort out some issues. I spoke with a Sandra, a Heather and a Gary but to me, they all sounded a bit Indian. So I asked them where they were located, and reluctantly they all responded, "Bombay." On another occasion, I called Hewlett Packard for some personal computer trouble-shooting, and I was helped by technicians in New Delhi.

My wife got a call from 'D' Magazine last January as the magazine was putting together a directory of doctors in the Metroplex, and this call came from India. I was surprised at the pervasiveness of off-shoring. And then I traveled to Asia on a consulting assignment last month. What I saw was astounding: design and development of complex electronic repeaters and telecommunication switching equipment; execution of extensive IT operations for numerous blue-chip service firms; and sophisticated analyses of medical and financial data.

There is a newfound confidence among Chinese and Indians. For now, the number of jobs exported is small between 400,000 and 500,000 in information-technology processing, which employs about 130 million people, according to Business Week but they are relatively high-value jobs. The value of outsourced businesses work could be as much as \$1 trillion by 2007, and the number of jobs transferred may be as high as 6 million in the next decade.

Without arguing the merits and demerits of outsourcing, it is easy to understand the anxiety about outsourcing. Not surprisingly, this has become a source of contentious debate.

The political reality, especially when the United States has lost about 2.2 million jobs in the past three years and more than 8 million Americans are unemployed, does not allow for acceptance of this economic reality of outsourcing

What are our options to keep these jobs at home? We have three choices. We must upgrade workers' skills immediately, rapidly and dramatically, and not incrementally. This requires billions of dollars of investment in accelerated training in market-based technologies much more than the \$1 billion proposed by President Bush and Congress. This need can be no less urgent than funding the war against terror.

We must reduce the costs of doing business. Health care is one of the biggest costs of doing business in the United States. It is time for us to make dramatic reforms to our health care system to make health care affordable and accessible. But this is confronted with enormous institutional and political inertia.

We must import skilled technology workers a counter-intuitive and somewhat controversial solution. When we import technology workers from China or India or Ireland to work on technology jobs in the U.S. rather than exporting those jobs, we will be adding to consumer spending here.

Consumer spending accounts for two-thirds of the U.S. economy. So by increasing the consumer spending, we would be growing the economy. Although estimates vary, about 6 million technology jobs will be outsourced in the next decade. Let's assume that the average annual salary for those jobs is \$40,000.

If we brought workers into the United States, rather than sending the jobs outside the country, that would mean \$240 billion staying here. When you consider the multiplier effect, that's a nice infusion to the domestic economy.

Which is better: Pumping billions of dollars into the U.S. economy, or exporting the jobs and the resources? This approach requires different thinking. If we approach the challenge as foreigners taking away our jobs, it will not work. Surely, when programmers from India come to the United States, they will put pressure on the wages of American workers. But this is a smaller burden to bear than losing those jobs completely.

Outsourcing will lead to investment in the United States by Indian and Chinese companies. After all, they have to listen to the customer needs and develop a customer rapport to further their businesses. This is best done in closer proximity than India. That is why Infosys Technologies, India's second-largest software exporter, just announced plans to invest about \$20 million in the United States and create about 500 consulting jobs.

G.K. Kalyanaram is a management consultant who lives in Dallas, and can be reached at kalyan@alum.mit.edu

1. [Asians in N. Texas back tests](#)

Barry Shlachter Star-Telegram Writer

Pakistan's tit-for-tat nuclear detonations took some of the gleam off India's five atomic blasts, but support remains generally steady among North Texas' Indian-American community. And some Pakistani-Americans, recognizing that their homeland will face greater hardship from economic sanctions than India, said the tests are nonetheless worth it because they created a strategic balance on the subcontinent.

But the new situation, said Syed A. Ahsani, an...

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