

GLOBALIZATION AND TIME ARBITRAGE IN INDIA'S OUTSOURCING INDUSTRIES

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ABSTRACT

Outsourcing is the process or contracting a business function to someone else. It is sometime used with off shoring, through a function may be outsourced without off shoring or vice versa. The opposite of outsourcing is called vertical integration or insourcing. Outsourcing is one of the fastest growing industries on the world platform. It mainly involves transfer of components or large segments of the company's internal production processes, businesses, infrastructure, etc. to the external service providers. It can cover a wide range of components depending upon the core competency and the requirements of the outsources. It may be broadly classified into Information Technology (IT), Human Resource, Customer service, Engineering, knowledge services, legal, R&D outsourcing, etc.

The world is discovering the fact that India is super power when it comes to developing IT solutions. Swept by the current of the latest trend "IT Outsourcing to India", we find many fortune 500 companies like Microsoft, Oracle, Citibank, Morgan Stanley, AT&T, General Electric, Reebok,. General Motors, Sony, Boeing, Coca-Cola, Pepsi, Swissair, United Airlines, Philips, IBM, Lucas & British Aerospace beneficiaries . Firms equipped in IT outsourcing to India have their own unique strength and capabilities, Indian outsourcing firms look at their business differently, behave differently, and do different thing from that of the past. Maximize on the benefits of outsourcing with IT outsourcing India, the team prepared to confront challenges from any part of the globe.

India has emerged as the 21st century's software powerhouse, offering many advantages as a Global sourcing hub, especially for IT enabled Services (ITES) and Business Process Outsourcing (BPO).

The main motive behind Outsourcing has been that it allows a company to invest more time, money and human resources in core active items without losing quality and name.

KEYWORDS: Vertical Integration, IT, Human Resource, customer service, Hub, ITES, BPO.

EVOLUTION

Outsourcing dates back to the 1960s from where it has grown to different levels from the time-sharing data process model to business process outsourcing (BPO) and then to knowledge process outsourcing (KPO). Recently, companies have adopted a business strategy of outsourcing entire business activities, such as technology operations, customer relationship, logistics, finance, document processing, etc. The history of outsourcing started in the United States, when it was struck with economic stagnation and rising inflation rates. Since, then the US companies started outsourcing their service related jobs to cheaper locations to regain their profitability.

Globalization of economies supplemented by technological advances has led to the evolution of the outsourcing industry in India. After the flourishing of information technology (IT) in the late 1990s and 2000s, outsourcing has spread to Indian States. US companies started outsourcing information technology activities to low cost locations in India. Some of the companies also started their offshore facilities in India. The internet business boom is the main drive for this success. Especially two Asians giants China and India are the leaders in providing outsourcing services to the American industries.

India has been known for its huge talent pool and has proved to be one of the most significant destinations for global companies to outsource their back office operations. Due country's additional edge in knowledge based services, India has emerged as a favorite destination for outsourcing of knowledge processes too. Over a period of time, the industry has touched everyone from market researchers to accountants to medical professionals. Now BPOs have also started high end consulting jobs.

Over a decade, the industry has grown to a great level and will continue to grow in all the locations. India is considered to be among the most preferred destinations in the world. Reasons for preference of India lay in its skilled human resources, best infrastructure and climatic conditions that are suited to the clients' business activities.

Outsourcing to India is cheaper than outsourcing to other locations in the world and this is the main reason for companies outsourcing their business activities to India. Today outsourcing industry is moving towards a high level of specialization with great competition from low end process to high end process jobs. It has created worldwide opportunities in terms of enhanced revenues, product innovation and economic growth. Maximizing the value of outsourcing efforts will require deep economic and organization-specific business analysis so as to capture a more promised value without putting the rest of the business at risk.

INTRODUCTION

Outsourcing refers to a process by which an organization subcontracts its work to a third-party service provider. This work can be done by the parent company itself, but is "outsourced" primarily to cut costs. Work is also outsourced to save time and energy. Investment consultancy firm McKinsey & Co. predicted that global outsourcing industry would be worth more than \$180 billion by 2010.

OUTSOURCING INDUSTRY IN INDIA



India is a market leader when it comes to global outsourcing. Outsourcing industry in India has been experiencing growth for more than 20 years. A study carried out in 2008 revealed that as many as 6 of the world's top outsourcing destinations are located in India. As of 2007-08, Indian outsourcing industry is estimated to be worth nearly \$52 billion. Banking and financial services account for about 40 percent of India's outsourcing business. Global financial meltdown and banking crisis is expected to adversely affect India's outsourcing industry.

Firms equipped in IT outsourcing to India have their own unique strengths and capabilities. Indian outsourcing firms look at their businesses differently, behave differently, and do different things from that of the past. Maximize on the benefits of outsourcing with IT Outsourcing India, the team prepared to confront challenges from any part of the globe.

OUTSOURCING INDUSTRY IN CHINA

Shanghai, Beijing, Shenzhen, and Dalian are some of the top outsourcing destinations in China. Chinese outsourcing industry has been giving stiff competition to India. As per Ministry of Industry and Information, about \$15.2 billion worth of services was outsourced to China in 2007.

Chinese outsourcing industry employs over 30 million people. In 2007, information technology services accounted for nearly 60 percent of China's outsourcing business.

OUTSOURCING INDUSTRY IN PHILIPPINES

Philippines also figures prominently in the list of world's top outsourcing destinations. In 2006, Philippines generated about \$2.1 billion in revenues. By year 2010, it's predicted that Philippines' outsourcing industry would be worth more than \$11 billion and provide employment to about 900,000 people.

OUTSOURCING INDUSTRY IN MALAYSIA

Malaysia has also been able to establish itself as a premier outsourcing destination. Malaysian outsourcing industry is predicted to be worth \$2 billion by 2012. Malaysia is likely to overtake Philippines as a favored destination for outsourcing work to other countries. Low cost advantage and quality of work continues to propel Malaysia's outsourcing industry.

IT OUTSOURCING INDIA CAN BE THE HUB FOR

I) WEB DEVELOPERS- FOR OUTSOURCING WEB DEVELOPMENT IN INDIA AND WEB DESIGN IN INDIA

IT Outsourcing India has the expertise in web applications development, graphic design, multimedia and streaming technologies, site servicing, promotion, database development, data management, personalization and web portal development.

Get ready for outsourcing all your web development and web design in India to IT Outsourcing India. We assure you that it will reduce your troubles as well as costs. It saves your time and of course, you will be at peace with regard to the quality too. Located in India, IT Outsourcing India assures the high quality, which goes without saying at being Indian.

II) ENTREPRENEURS - INTERESTED IN WEB DESIGN AND WEB DEVELOPMENT IN INDIA.

What do you run a business for? Economic benefits - might be the answer. Check out opportunities for profitable businesses here. Setup a referral business or assist to make profits by reselling the web development and design services. Striking a deal with IT Outsourcing India, will certainly be profitable for business.

THE QUALITY ACCREDITATION OFFERED TO FIRMS ENGAGED IN IT OUTSOURCING TO INDIA.



Yet another prominent reason behind India's glittering success in the global IT market is the maintenance of quality. In the recent years, India has been able to offer IT software products and services, which match global standards of quality.

As on 31 March 2002, 42 IT outsourcing companies in India achieved SEI-CMM Level 5 assessments. 316 Indian outsourcing companies have achieved quality certifications. More and more IT outsourcing firms are striving for it. Moreover, the Indian software industry has accepted and adopted newly emerging People - Capability Maturity Model (People-CMM). As per 27 June 2002 statistics, India has 85 companies at SEI-CMM Levels assessment for this. These statistics indicate the fact that almost all the companies in the Indian IT sector have realized the value of quality and its accepted standards and that they are vigilant towards achieving it. It will be interesting to take a look at the Global Accreditation, which the Indian IT players have won.

A BRIEF LOOK ON NASSCOM MANPOWER RESOURCE SURVEY

Nasscom conducted a survey in the year 2001-2002, on the IT work force status in the country. These were the issues under study.

- To ascertain the present quarter of IT work force in the country.
- To make future projections about supplying IT-manpower resources needed to meet the industry demand.

- To frame a strategy for the same.

THE SURVEY REVEALED THAT

- The number of employed IT software and services professionals showed an increasing trend. (A whopping 522,000 by the end of 2001-02 compared to 280,000 employed in the year 1998-99.
- This figure covers professionals, who are engaged in application software, IT services and IT enabled services including professionals engaged in software development units in user organization.
- South India ranked the highest in hiring of new IT professionals amounting to 41% while the Eastern region was ranked the lowest with 6%.
- 25.6 years was the overall median age of software professionals.
- 44% of them had over 3 years of working experience.
- Interestingly male domination was seen among the software professionals in Indian IT firms; with ratio of 79:21 (male: female); which is likely to continue to 65.35 by the year 2005.

OUTSOURCING BAGS THE FUTURE



India needs to increase the workforce, at least 10 fold by 2008, to keep in pace with the growing competition. Quoting the 1999, Nasscom-MaKinsey report, India needs to have at least 2.2 million knowledge workers in IT software and services related areas by 20. To achieve this goal India must focus on taking the given key steps like Establishing IIT/IIT, Providing more PhDs in each state to increase the number of IT experts in the outsourcing field. This will turn influence the growth of IT outsourcing to India remarkably.

Grooming with IT outsourcing in India, the government of India needs to concentrate on destroying the cobwebs of regulatory hurdles in emerging service lines like IT- enabled services; unlocking growth in domestic market and proactively addressing the potential infrastructure and talent bottlenecks to make sure that the country is ahead in the competition. The government has to ensure 100% of its support in the field of IT outsourcing to India. Nasscom must also sharpen its focus in moulding India as a "Global Services Sourcing Hub".

SOFTWARE OUTSOURCING INDIA

To sustain itself in the tough competitive field, businesses need to be exceptionally good in quality, promptness and accuracy; all the more in the case of software outsourcing in India. With the advent of Quality System Standards, outsourcing firms as well as the outsourcer have to accomplish different objectives regarding the quality of the software.

(Like any other business, software outsourcing in India too has its risks.)

To provide software development outsourcing one should uphold the following views.

1. Needs of the clients with respect to software quality, accuracy and safety must be fulfilled. That is the benefit of clients in software development outsourcing in India.
2. Make the client confident that the prescribed software quality standards are met continuously during the development process.
3. Be confident enough about your software quality management and accuracy maintenance.

Usually offshore software outsourcing in India consists of:

1. Product component outsourcing: Where a part or portion of the overall system is contracted to be developed, mainly when the client may neither possess the skill nor the technology required for the development process.
2. Process component outsourcing: Where allowing a part of the function of one or more of their process steps or components is being outsourced.
3. Total outsourcing: Where each and every activity related to software like design, development, testing etc. are outsourced.

Thus, offshore software outsourcing in India is a contract / subcontract with an external service provider for purposes like development of complete or partial software products or projects and the purchase of packaged or customized software products.

2011 offered tremendous opportunities to the Indian IT vendors according to Ovum's ICT Opportunity Profiler. IT services contracts worth well over \$150 billion are due for renewal in 2011 out of which over 60% of the contracts are due for renewal in the private sector.

The Information Technology services market globally provides a huge opportunity for Indian IT vendors according to Ovum's ICT Opportunity Profiler. 17% of the contracts in the Manufacturing sector, 14% in Telecom, and 12% in the BFSI sectors are up for renewal followed by other private sector companies in industry verticals like Travel, Healthcare and Retail in the year 2011. Government and Defense, another key sector with contracts over 37% for renewal in 2011, is showing great confidence in Indian IT service providers.

Information Technology Services Outsourcing Contracts have witnessed an increasing trend in Application Development and Support, Business Process Outsourcing and IT Consulting Services. During the calendar year 2010, the IT contracts awarded globally were up by almost 15% in H2 2010 as compared to H1 2010, where a majority of the contracts were awarded in the Government & Defense, followed by the Telecom and Manufacturing sectors, clearly indicating a positive trend in the IT Services space and improving economic scenario globally.

Commenting of the trend, Siddharth Maheshwari, Research & Analysis (R&A) Director- Ovum India says "The Indian IT Services providers including majors like Tata Consultancy Services, Infosys Technologies, Wipro and Tech Mahindra-Satyam are well established and poised to win some significantly deals in the year 2011. Existing and new companies are increasingly looking at outsourcing their Information Technology functions to IT Services vendors to decrease costs and also improve their operational efficiencies."

However, all the Indian vendors together have captured less than 20% of the global IT outsourcing market, leaving great scope for entering new markets and capturing new IT Services contracts. The total contracts won by the Indian IT Services providers during 2010 was less compared to the previous years, which can be attributed to the significant dip in IT spending by a majority of companies globally. Although the value has been less, the volume of contracts won by Indian players in 2010, has seen positive trend, growing by nearly 8% YoY.

IT outsourcing in the BFSI space has more than doubled in 2010, followed by Government and Defense in terms of volumes. But in terms of value, the Government and Defense contracts have risen by nearly 14%, indicating more such contracts flowing into the Indian IT vendors' accounts. The Central and Federal government clients have shown immense faith in the Indian IT vendors by offering contracts worth well over \$1.2 billion in 2010, a staggering 10 fold growth compared to the previous year. This can be noticed from the contract awarded by the National Employment Savings Trust Corp., the UK to TCS, estimated to be approximately \$960 million.

2010 has also been a strong year for the Indian IT vendors in the banking space growing more than 10 fold. For instance, Wipro has won a multi-million dollar contract from Citibank, in 2010. A large majority of the contracts awarded were in the range of \$40 million - \$50 million, however, with a few exceptions like the \$500 million contract awarded by Merck & Co. to HCL Technologies in the Manufacturing sector during 2010.

Sai Chandra Kanala, Senior Analyst - Technology, Ovum India adds “2011 will be a great year for the Indian IT service providers with huge opportunities in the IT Services market. With increasingly higher technical competencies and cost advantage, and an improving global economic scenario, the Indian IT Services vendors are strongly placed to win more IT Services contracts surpassing the previous years, both in value and volume terms.”

IT Services Outsourcing is also witnessing an increasing trend from the European region. Companies in these regions are now willing to consider outsourcing their IT functions to IT vendors with the objective of cost savings and operations efficiencies.

In November 2010, German utility giant E.ON AG announced that it was going to outsource a large chunk of its IT operations to HP and T-Systems. E.ON cited an increasingly difficult operating environment as the driver for the outsourcing deal, which is part of E.ON's Perform-to-Win performance-enhancing program.

By divesting parts of E.ON IT, the company hopes to be better able to focus on its core business processes while also gaining from the experience of professionals within HP and T-Systems. The deal valued at approximately USD 3 Billion is the first of its kind for any utility company in the world. This transformational deal will lead to more deals in the Industrial and Manufacturing sector in the coming years.

The Financial Crisis of 2007 and the subsequent economic downturn in the global economy caused significant operational and financial challenges to companies in the North American and European regions. Since 2008, companies in the United States and Europe are increasingly finding it challenging to grow their Revenues and Profits. The pressure on growing Revenues and Profits has resulted in the companies looking for optimum solutions to lower their cost of operations to increase their profitability and also improve operational and financial efficiencies in their business model.

CURRENT TRENDS

India has been a pioneer in providing outsourcing solutions and has been providing a range of outsourcing services to countries across the globe. Combined revenue of the IT and IT Enabled Services (ITES) that includes Business Process Outsourcing (BPO) was USD 52 billion in the year 2007-08. Business process outsourcing (BPO) is a broad term referring to outsourcing in all fields. A BPO differentiates itself by either putting in new technology or applying existing technology in a new way to improve a process. BPO is one of the fastest growing segments of the Information Technology Enabled Services (ITES) industry. Indian BPO industry includes basic data and market research, equity research, management, engineering design, animation and simulation, medical content & services and education and publishing. It is the evolution and

maturity of the Indian BPO sector that has given rise to yet another wave in the global outsourcing scenario of Knowledge Process Outsourcing (KPO). In other words, success achieved by many overseas companies in outsourcing business process operations to India has encouraged them to start outsourcing their high-end knowledge work as well. India as a major KPO player in the world has inherent advantages because of its intellectual and internet resource. Outsourcing to India give organizations a competitive edge in the form of:

- Cost-effective services without compromising on quality due to a large pool of educated, trained and highly-skilled professionals;
- High-quality services due to use of the latest in software, technology and infrastructure;
- Time Zone advantage between India and countries in the U.S and U.K, helps companies provide 24x7x365 days customer support or helpdesk services;
- Democratic set up and stable Government which has been giving complete support for expansion of the IT and ITES industry in India; etc.

It is due to all such advantages, the number of organizations outsourcing services to India has only been increasing over the years. According to industry estimates, Knowledge Process Outsourcing industry is expected to reach USD 17 billion by 2010, of which USD 12 billion would be outsourced to India. Another report predicts that India will capture more than 70 percent of the KPO sector by 2013.

GOVERNING FRAMEWORK

Several measures and initiatives are being undertaken by both the Central and State Governments, with a view to establish strong and stable outsourcing industry in India. Owing to advantages that India has with respect to the growth of this industry, many policies and schemes have been launched from time to time. Besides, many big corporates are also making all efforts to push upward this industry and have been, accordingly, conducting surveys and studies to acknowledge the current and future scenario of outsourcing in India. At the Central level, the nodal agency responsible for the overall development of outsourcing and information technology (IT) industry has been the Department of Electronics and Information Technology, Ministry of Communications and Information Technology. The Department aims to make India a global IT super power and a front-runner in the age of information revolution. It is mainly responsible for formulation, implementation and review of national policies in the field of IT and ITeS. All policy matters relating to silicon facility, computer based information technology and processing including hardware and software, standardization of procedures and matters relating to international bodies, promotion of knowledge based enterprises, Internet, e-Commerce and information technology education and development of electronics and coordination are some of its various functional areas.

OPPORTUNITIES

Outsourcing industry is the sunrise industry in India, which plays a vital role in the sustained growth of the economy. It is, roughly, growing at the rate of 60-70 per cent per annum. This industry is estimated to be worth about \$52 billion. Its main driving forces being the Business Process Outsourcing (BPO) and Knowledge Process Outsourcing (KPO).

Information technology enabled services (ITES) and BPO are the fastest growing sectors in the Indian IT industry, both in terms of employment opportunities and revenue generation. They have become a highly sought after career option for fresh graduates, especially those from the Information Technology (IT) sector. This is due to the advantageous position of India in having one of the largest pools of low cost, English speaking, scientific and technical talent. The total number of IT and ITES-BPO professionals employed in India have grown from 2,84,000 in 1999-2000 to over 1.63 million in 2006-07. The direct employment by this industry has grown at a compounded annual growth rate (CAGR) of 26 per cent in the last decade, making it the largest employer in the organized private sector of the country. There are numerous opportunities in setting up and development of both domestic and international call centres in India. A company can set up its own call centre to deal with its customers, and/ or it can hire a professional firm to do the job. On one hand, these creates more employment opportunities for people at large with good pay package, and on other hand, brings global businesses into the country and thus, helps to increase India's national income. Hence, as the outsourcing activities booming in the world, India stands to gain with more foreign exchange earnings.

EFFECTS ON INDIAN ECONOMY



Software and BPO industry in India has provided a major boost to the country's economy. It provides employment to millions of Indians. BPO industry in India is worth \$11 billion. During 2007-08, Indian information technology industry experienced a slow down and revenue growth rate has been brought down to 21 percent from previous year figure of 41 percent. But it's still predicted that Indian BPO and IT industry will grow to become a \$132 billion entity by 2012. Banking and financial services contribute nearly 40 percent to India's outsourcing industry. In 2008, a study listed 6 Indian cities of Bangalore, Chennai, Delhi-NCR, Hyderabad, Mumbai, and Pune, among the world's top 10 outsourcing destinations. China has been a major competitor for the Indian outsourcing industry. But, India offers a cost advantage that is not easy to beat. But, rising wage bill of IT professionals and global financial meltdown is challenging India's position as a preferred destination for outsourcing business processes.

CHALLENGES AND FUTURE PROSPECTS

India has become one of the most sought after destination for the companies wanting to outsource their business, knowledge, research, legal and related high-end processes. This not only boosts exports, increases national income and creates greater employment avenues, but also increases tax revenues, caters to the growth of other related industries like infrastructure, catering, etc. The companies involved in outsourcing activities tends to earn huge profits out of this and thus, are in a position to offer their employees the good and competitive pay packages, along with many attractive employee benefits.

India has already made remarkable achievements in the field of Business Process Outsourcing (BPO), with high export revenues. The Indian IT-BPO sector has been able to built a strong reputation for its high standards of service quality and information security, which has been acknowledged worldwide and also helped to enhance buyer's confidence. The industry is continuing this trend by combining provider and industry-level initiatives as well as by generating greater awareness and facilitating wider adoption of standards and best practices. It is moving to provide high-value services to its clients rather than just minimizing/ saving costs.

The success of off-shoring BPO sector in India has led to the emergence of Knowledge Process Outsourcing (KPO) sector in India, which deals with off-shoring of knowledge intensive business processes requiring specialized domain-based expertise. India is well endowed with large pool of skilled manpower, like, chartered accountants, doctors, MBAs, lawyers, research analysts, etc., which would help to add value to the global KPO business and its high-end processes like valuation research, investment research, patent filing, legal and insurance claims processing, online teaching, media content supply, etc. This advantage, along with multi-lingual capabilities and advantages of lower costs, can help the country to emerge as a front-runner in KPO on the global platform. As per Nasscom estimates, the KPO industry is expected to grow by 45 per cent by 2010. Out of the \$16 billion which the KPO industry is likely to assume by 2010, around \$12 billion would be outsourced from India.

But, to be able to run stable outsourcing company (mainly BPO), one needs to overcome the challenges coming in its way. Some of these include: outsourcing is largely fragmented industry;

there is more preference for young employees with good command over English and other foreign languages; facing cut-throat competition as well as severe shortages of trained and skilled manpower; non-existence of social security laws needed for checking the background of employees working in BPOs and call centres; at times, more focus on unproductive and non-core activities/ areas; etc.

Further, since KPO involves providing of domain-based processes and business expertise rather than only process expertise. This requires advanced analytical, interpretation and technical skills in the workers. As a result, it is right to say that outsourcing of knowledge processes tends to face more challenges than BPO. Some of these can be listed as: more investment needed in KPO infrastructure, lack of highly-skilled and trained workforce, need of higher level of control, confidentiality and enhanced risk management, maintenance of higher quality standards, etc.

However, according to report by GlobalSourcingNow, the Global Knowledge Process Outsourcing industry (KPO) is expected to reach USD 17 billion by 2012, of which USD 12 billion would be outsourced to India. In addition, the Indian KPO sector is also expected to employ more than 250,000 KPO professionals by 2012. Further, a report by Evalueserve predicts that India will capture more than 70 percent of the KPO sector by 2010.

This shows that although outsourcing industry is having a bright future in India, there is still need to address many issues and challenges which restricts the healthy development of this industry. Efforts should be made to give appropriate training to employees of this industry as well as to develop a sound and healthy environment which do not have much detrimental effect on lifestyle of employees.

LIST OF OUTSOURCING COMPANIES IN INDIA

The International Association of Outsourcing Professionals (IAOP) has released a Top 10 Outsourcing Companies in the world. There are many small and big companies that outsource their services to off-shore country like China, India and Philippines.

In India Infosys, Wipro, Outsource2India, Tech-Mahindra are the Four Indian companies. This companies are fast catching up the UK and US Outsource Jobs. For those of you who are in the outsourcing industry, they knows that India has the potential to be the next China in Outsource. Indian government is committed to creating a world-class software outsourcing sector in India. In today's economy is leading the business leaders into Outsourcing Services to help their businesses to do more with less Operating costs.

HERE IS THE LIST OF BEST TOP TEN OUTSOURCING COMPANIES - BY IAOP

Rank	Company	Main Strength
1	Accenture	Management Capabilities
2	IBM	Demonstrated Competencies
3	Sodexo	Customer References
4	Tata Consultancy Services (TCS)	Customer References
5	Wipro Technologies	Demonstrated Competencies
6	Convergys	Customer References
7	ISS	Balanced Performance
8	CB Richard Ellis	Customer References
9	Infosys Technologies	Management Capabilities
10	Capgemini	Customer References

Outsourcing Companies List of Outsourcing Company who is giving Jobs to India, China and Philippine Software Development IT Company Information Technology Consulting.

CONCLUSION

In conclusion, outsourcing is a business strategy used by companies, for reasons such as the lack of expertise, through the subcontracting of their business functions to outside organizations. Outsourcing is receiving much response from companies all around the world these days, with 70% of european companies already using it for reason such as to seek cash infusion, reduce risk and operating costs, etc.

Companies that offer services at a low prices can be easily found. However, due to several ethical concerns, some companies prefer the costlier route as the price difference could be deceptive because the variation will only be in the initial cost. Compromise of customer data and vendor reliability are one of the main ethical concerns companies tend to face, especially in offshore outsourcing contracts.

Outsourcing is not the right tool for ever job but it is a good tool for the right job. There are a couple of typical and traditional problems faced in outsourcing. Poor planning and less-than-

expected results are some of the problems faced by outsourcing players. There are solutions to these problems however, there is no silver bullet and some situations can never be predicted.

All in all, the future of outsourcing appears to be fairly bright and positive. The information technology era enables new outsourcing players to take advantage of the different stages of an organization's value chain. Besides that, there are also clear signs indicating the broadening confidence in the outsourcing industry, which would ultimately lead to more companies adopting the business strategy over an increasingly wide range of business processes and functions.

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