

The Globalisation of Service

Offshore manufacturing is not new. The globalisation of service industries is a recent development.

Today's internet technology allows people 10,000 kms away to communicate as though in the next cubicle and on the local area network.

Services are a large part of every advanced economy. The outsourcing of corporate services to 3rd parties abroad presents businesses with new opportunities and challenges.

India – a global service provider

Each year India turns out around 2 million college graduates; 80% speak English. India's millions of world-class engineering, business and medical graduates are becoming part of our lives in surprising ways.

Indians are taking the lead in colonising cyberspace. Examples:

- IT development work for big U.S. companies, including Intel and Texas Instruments who run Indian chip design operations.
- General Electric employs 1,800 Indian engineers in research; including aerodynamic designs of turbine-engine blades, materials to be used in DVDs and devising ways to boost output in a GE plastics plant in Spain.
- The U.S. Postal Service is taking work there.
- Indian labour manages the websites of companies such as Boeing and display ads for US Yellow Pages.
- An Indian firm employs 1,200 people who do financial analysis for Wall Street firms. While Wall Street sleeps, Indian analysts digest the latest financial data from U.S. companies and file reports in time for the next trading day.
- This year, the tax returns of 20,000 Americans were prepared by Indian CPAs. U.S. CPAs review and sign the finished returns. Next year, the number could increase to 200,000.

Benefits

- The savings on wages are significant. An engineering grad from India earns about \$10,000 a year; roughly one-eighth of U.S. starting pay.
- The boost to efficiency means lower prices and better services for customers everywhere.
- Allows round-the-clock operations, ferrying data back and forth from one place to another as the sun sets.
- Expected to fill a projected shortfall in skilled labour as baby boomers retire.

National Marketing Office

ask@supertrac.com T 1800 700 111 F 1800 700 222

PO Box 5403, Maroochydore Q 4558

Supertrac Pty Ltd - ABN 19 080 853 694 - AFSL 340753

SUPERTRAC.COM

"Offshoring work will spur innovation, job creation, and dramatic increases in productivity that will be passed on to the consumer." The main purpose is to speed innovation and generate growth for these companies, rather than cost savings. By augmenting their R&D teams with Indian engineers, US companies can afford to throw many more brains at a task and speed up product launches, develop more prototypes and improve quality.

Supertrac – a globalised service organisation

Whilst not yet on the scale of GE, Supertrac is already a global organisation, using technology to cross traditional boundaries. Purchasers have long been sourced from overseas countries. In 2003, Supertrac sent more than 20,000 emails to specifically-targeted overseas organisations. More recently, Supertrac has accepted appointments from clients with operations for sale in NZ and the US.

Supertrac's efficient use of technology enables it to perform on the global stage. There is no distinction between emailing information to overseas destinations and to the person in the next office.

Extracts from: Business Week, 8 Dec 2003 edition: The Rise of India; The Economist, 13th December 2003 edition: Offshoring.