

# Outsource to Australia – a viable offshore option

Australia is well placed to become an offshore centre in the Asia-Pacific region for some of the global firms, writes **Emma Connors**

In the past five years, many Australian companies have shifted various back office operations offshore but the traffic in jobs doesn't have to be all one way.

Companies in the US or UK can and do outsource high-level activities to Australia, although, to date, most traffic has been out of Australia.

Qantas, the National Australia Bank and Optus are among those who have chosen to outsource activities including computing application maintenance and support centre work offshore, citing both lower costs and better access to skills.

The immediate impact of such moves is often redundancies in Australia – because the employees who had done these jobs in the past are no longer required – while another position is created offshore.

However, there is some evidence that outsourcing offshore has created jobs in this country as well.

Multinationals like IBM and EDS already carry out some software development work for US and European companies in this country. Indian workers may be cheaper than those in Sydney or Melbourne but our wages compare well with salaries in the US and the UK.

Other technology players have also noticed potential for Australia to exploit its position in the Asia-Pacific region.

"None of the companies that I know who have shifted some jobs offshore from this country are prepared to move their data centres, many of which support regional operations. I think Australia has a real story to tell companies in terms of infrastructure reliability," said Cisco Australia and NS managing director Ross Fowler.

Australia's skilled workforce, stable political and economic conditions, and a well established history of information technology outsourcing – backed by experienced legal and accounting teams – are among the reasons for international firms looking favourably on this country. Also helpful are governments willing to provide substantial incentives to suppliers willing to invest in service delivery centres.

In July last year, IBM opened what it describes as a business transformation outsourcing centre in Brisbane. A year later, the company extended the operation, opening a new facility on the Gold Coast and creating 200 jobs in the process.

The availability of multilingual staff was important for IBM, which is using the centre to deliver services to clients located throughout the Asia-Pacific region and has hired staff who can speak

**"IBM hired staff who speak Japanese, Korean, Cantonese and English."**

Japanese, Korean, Mandarin, Cantonese and English.

The Queensland government has provided substantial payroll tax exemptions for IBM and could decide to extend such offers of help to others as well.

Earlier this year the government received a report by Swamy & Associates, which suggested Queensland could be well positioned to benefit from knowledge-process outsourcing. This is a small subset of the outsourcing industry that requires highly specialised staff such as chartered accountants, actuaries and experienced lawyers.

Indian firms already experienced in information technology outsourcing and business process work are now looking to move into knowledge processing. Service providers such as IBM, which have based IT centres in India, are also looking elsewhere as outsourcing moves into more complex functions.