

2 Introduction

IT professionals are constantly adapting to change. New technologies, changing business demands and economic factors all influence IT career choices and training needs. In recent years the UK profession has faced a new challenge: the era of global sourcing. Organizations can now use professional services provided by overseas IT staff. Companies may choose to set up their own IT centres or 'captive sites' in other countries or they may choose to outsource to external service providers. Whichever business model is adopted, overseas professionals provide IT services.

In 2004, BCS set up a working party to review the offshoring trend and to consider how the UK's IT profession might best respond. Analyst predictions for the continued growth of offshoring suggest that many thousands of jobs that might at one time have been based in the UK will in future be found overseas in lower wage economies. The Working Party looked at how the UK's IT profession can meet this challenge and exploit the new opportunities being opened up in the global IT services market. The group's initial findings were published in November 2004 and are summarized below (BCS Working Party on Offshoring, 2004). The full report can be accessed at www.bcs.org/positions/offshoring.

THE IMPACT OF GLOBALIZATION

We cannot be certain how many jobs will be affected by offshoring, or indeed how many new jobs the global market may create. Although the numbers of estimated job losses look large, they represent only a small percentage of the total IT workforce in the UK. Some IT projects would be uneconomical in the UK and will only be progressed overseas where wage rates are lower (but IT professionals are well paid compared with others in their own country).

The numbers of jobs moved offshore will probably be sufficient to make it harder for IT professionals with limited skills to find work. As more routine work is moved overseas, it may become difficult for new recruits to get good basic experience in IT work.

The Working Party scanned the work of a number of economists and found one overriding conclusion: free trade, without protectionist measures, is beneficial for all countries. It exposes companies to international competition and this leads to greater productivity and more effective use of new technology and encourages innovation. The UK has been a beneficiary of global trade in IT services for many years; USA-based companies like IBM and Microsoft have established research centres in the UK and created UK-based jobs. Many high-wage countries, like the UK, have ageing populations. Labour shortages in future years will need to be tackled through a combination of immigration, offshoring and longer working lives.

PROMOTING THE COMPETITIVE STRENGTHS OF BRITAIN'S IT PROFESSION

Globalization opens up opportunities for British IT professionals to work overseas and to provide services from the UK to world markets. But we need to compare our performance objectively with the best in the world, otherwise we risk underestimating the competition we face and the capacity of overseas workers to

provide high-quality, cost-effective services. We need to nurture our strengths and make the most of new opportunities.

In assessing which jobs will remain in the UK, we need to identify areas where UK IT professionals add value and can offer more than offshore workers. UK-based professionals have a good understanding of British and international business processes; they can offer a combination of business knowledge and IT skills and they have good problem-solving and analytical skills. Our business culture encourages creativity; we regularly question the way things are done and seek out improvements; and we have a diverse society and are used to working with professionals drawn from different ethnic backgrounds. The large freelance contractor workforce in the UK provides mobile and temporary resources where and when they are needed.

CAREER DEVELOPMENT AND TRAINING

The challenge for British professionals now is to gear up for the globalization of the IT services industry. Traditional IT skills such as software development have become globally ubiquitous and a narrow focus on technical skills and their application will not help tomorrow's professionals. We found that IT staff can underestimate their business knowledge and expertise.

The Working Party described a new career model in which professionals move on from foundation IT training to developing additional skills such as project and relationship management expertise, business skills and knowledge of specialized technologies, as illustrated in Figure 2.1. This would open up a wider career path, including the possibility for IT professionals to work in other business functions.

The ultimate aim is to create an environment in which IT can be a career where longevity is valued and IT know-how is transferred into the business arena. Lifelong learning will become more important for all IT professionals, making full use of services such as BCS's Career Builder.

HELPING IT PROFESSIONALS DISPLACED BY OFFSHORING

However beneficial offshoring may be for companies and the economy at large, individuals can suffer as they see work transfer overseas and are forced to tackle the task of finding new employment. The Working Party identified the major challenge as how to protect the interests of IT professionals rather than their specific jobs.

Corporate social responsibility (CSR) principles provide a useful framework for handling job losses caused by restructuring and can be applied to offshoring initiatives. Agreements between some UK companies and their trade unions help protect the interests of IT professionals at the same time as recognizing that some work will transfer overseas and deliver corporate benefits. This assistance is funded from the initial corporate benefits derived from offshoring projects.

Individual IT professionals need to take personal responsibility for their own career development. We all need to raise our professional standards to maximize our job prospects and develop our careers. We can all take steps to increase our opportunities in the UK by:

- developing business skills and knowledge;
- focusing on roles that will remain in the UK, such as jobs requiring close interaction with users and jobs where agility and innovation are more important than cost;
- training in new and emerging technologies;

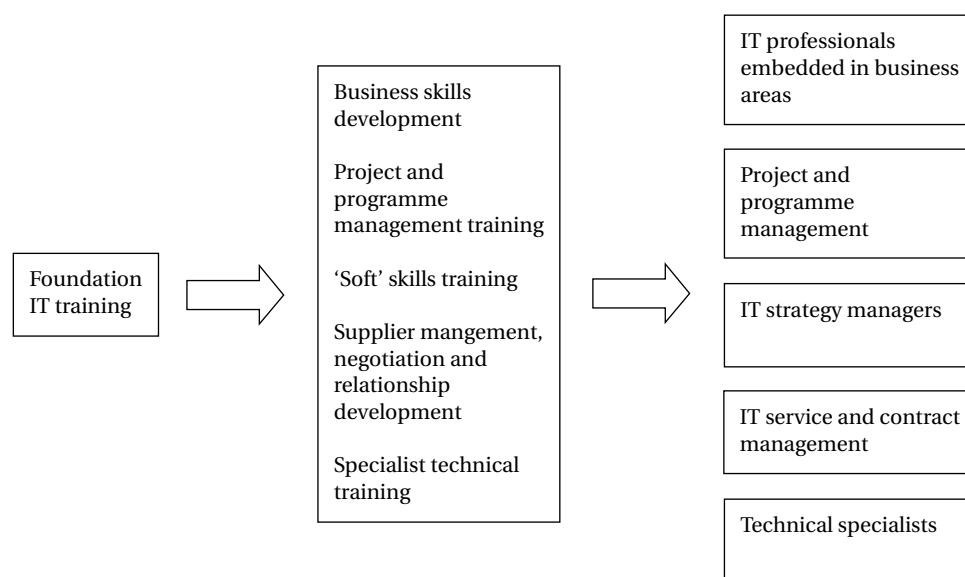


FIGURE 2.1 *A new career model for a new era*

- monitoring sectors where new jobs are being created;
- avoiding becoming locked into areas that are more likely to be offshored.

This is particularly relevant for freelance contractors who cannot look to a corporate employer for training and development support.

For all UK-based IT staff, maintaining professional standards will become even more important. BCS is uniquely and ideally placed to help and offers a range of services for IT professionals, including internationally recognized qualifications, chartered status, continuing professional development and web-based information.

ENABLING THE UK ECONOMY TO BENEFIT FROM OFFSHORING

Offshoring is a reality of business life today. The capability to source globally is a growing competitive differentiator for companies (and countries). Successful offshoring depends on strategy, skills, quality processes, management effort and governance:

- companies need to devise a strategy that determines which services can profitably be offshored;
- skills are needed to support technical design, project management, supplier management, data protection and transition management functions;
- quality processes within the company need to be sufficient to be able to work alongside an offshoring supplier that may have achieved a high level of compliance with internationally recognized standards;
- appropriate procedures and governance structures need to be in place.

The Working Party identified four factors that make some activities unsuitable for offshoring:

- activities for which distance or proximity is crucially important;
- services for which the value of the activity far outweighs the cost;
- functions that require employee agility;
- activities that form a sustainable centre of expertise.

Finally we noted that price is not the only factor of importance in the global marketplace. Singapore is a good example of a country with a highly successful IT industry in which average salary levels far exceed those of neighbouring countries. The UK economy will benefit from openness to trade if a business-friendly environment and a flexible, skilled workforce support it.

HEALTH INFORMATICS PERSPECTIVE

BCS Health Informatics Forum member Jean Roberts writes:

At first reading, the idea of offshoring causes considerable general concern to informaticians but the UK has considerable strengths in specific key areas, health being one of them. The overall aim of BCS is to take action now to develop a strong IT profession that meets future business needs and contributes to the well-being of the UK economy, and that aspiration is endorsed by those in the health sector too.

An emerging worldwide IT services market requires some changes to take place; in health we must gear up for that globalization, and thereby ensure that our jobs are not offshored inappropriately. Within the health context, initiatives such as the English National Programme for IT Connecting for Health have indicated that requirements for operation and development of health informatics solutions will need of the order of 10,000 staff long term. The future is full of opportunities that indicate a new or broader paradigm is necessary, where IT can be a career in which longevity is valued and IT know-how is transferred into the business of care delivery. Informatics for health includes activities for which distance and/or proximity is crucially important; functions that require employee agility; and initiatives that form a sustainable centre of expertise over time.

Reviewing strengths and weaknesses, those in health informatics should not be complacent. BCS Health Informatics Forum represents many perspectives, notably those who support staff in direct care and management roles, academic teachers and research staff and those who work commercially in the health domain. We will remain vigilant about how informatics requirements develop and how our members can retain 'fitness to practice'. Our particular niche skills must be well recognized, developed and kept up to date. Whilst such skills will flourish in a UK base, they also open up opportunities for British IT professionals to work overseas and to provide services from the UK to world markets and, subject to validated competency and domain knowledge, will provide opportunities for additional professional resources to be integrated into the health sector from bases in other sectors and geographies.

DEVELOPING THE IT PROFESSION IN THE ERA OF GLOBAL SOURCING

BCS has a crucial role to play in the profession's response to offshoring. This new report provides an overview of recent offshoring developments and describes BCS activities that will help the UK's IT profession meet the challenges and exploit the opportunities of globalization in seven areas:

- promoting professional standards;
- recruiting and educating IT professionals for the future;
- developing successful careers;
- working with government;
- working with employers;
- supporting innovation and excellence;
- BCS thought leadership role.

The report provides a comprehensive account and can be read selectively to provide an insight into current progress and initiatives.