

8 Working with Employers

Offshoring is a reality of business life today. The capability to source wisely, combining onshore and offshore, in-house and outsourced services, is a growing competitive differentiator for organizations. BCS is committed to raising professional standards; deriving and promulgating best practice; encouraging the adoption of effective quality standards; and promoting good security management. All these factors are crucial for employers seeking to maximize the benefits of offshoring and minimize the associated risks. In this chapter we highlight three critical issues for companies: governance, data protection and security, and look at some of the services offered by BCS to help employers develop the IT expertise of their staff.

Global sourcing raises a number of ethical and social concerns. The transfer of IT activities to low wage economies can bring corporate benefits, lower prices for consumers and make UK companies more competitive. Individual UK-based professionals, however, may face the prospect of losing their jobs. Many companies offer individuals the chance to retrain and invest a certain percentage of the savings made through offshoring into career development services. Trade unions are actively involved in negotiating agreements to protect the interests of those employees displaced by offshoring.

There are also concerns about the impact of global sourcing on developing countries, the concentration of the wealth generated to a relatively small group of employees, and potential problems caused by the movement of work from one developing country to another. Many of the companies whose core business depends on global sourcing are involved in social projects aimed at tackling issues of poverty and deprivation. This chapter looks at some examples.

GOVERNANCE

Offshore outsourcing brings together two organizations, each with its own corporate objectives, into a contractual relationship. From the outset, the client organization needs to balance the dual aims of realizing value from the outsourcing deal and managing risk. Value is realized by ensuring that savings are delivered; managing demand for the outsourced services; maintaining fair market prices; optimizing operations by standardizing processes and applications; exploiting the service provider's capabilities; and introducing process improvement schemes. Risks can be managed through strict adherence to contract obligations; rapid issue resolution; management controls; and consistent and unambiguous instructions to the service provider.

Effective governance arrangements will ensure that the outsourcing relationship meets expectations and is developed to meet evolving business needs. As well as covering contractual and commercial management, governance should incorporate quality management and problem resolution.

Governance organization

Best practice in offshore outsourcing requires that a strong governance organization is put in place to:

- manage the client–service provider relationship;

- manage changes effectively, as business needs develop;
- ensure that both parties work well together to prepare joint plans, improve communications between the organizations and monitor satisfaction levels with the outsourcing arrangement;
- review performance and aim for continuous improvement;
- track and resolve critical issues.

Putting in place an effective governance organization requires a thorough understanding of outsourcing, the key objectives of the deal and organization design. Some activities must be retained within the client organization and cannot be transferred to the service provider. These include corporate IT strategy and policies; operation and management of functions not covered by the outsourcing deal; and resolution of internal operational issues.

Roles in governance

Given the continued growth in outsourcing, relationship management skills will continue to be in demand. Supplier governance looks set to become a critical competency offering long-term career paths to IT professionals. Governance is likely to evolve from tactical relationship monitoring and management to strategic issues such as IT and business alignment and business process enhancement.

Typical roles include:

- relationship manager;
- commercial manager;
- finance manager, which is likely to include the client's internal cost-recovery process as well managing the financial arrangement with the service provider;
- contract manager;
- performance manager;
- service quality support, collating performance measurements and tracking trends;
- project manager, being responsible for the client side of any project implementation and changes;
- compliance manager, ensuring services satisfy evolving policy and legislation.

While these roles often require commercial skills, finance, procurement and contract management expertise, they also need a thorough understanding of the service being provided, the process quality measures and risks to be mitigated and managed.

Governance in captive offshore services

Captive offshore services do not depend on a contractual relationship between two parties. There is, however, still the need to align organizations in different countries, in different time zones and with their own cultures. The objectives remain to manage the risk of having activities executed across organizations at a distance and to realize the value set out in the original business case. While contract management should not in this case be a significant activity, performance and issue management remain more important than would be the case without global sourcing and financial management needs to ensure organization boundaries do not get in the way of making sensible business decisions.

Governance information provided by Alan Hopwood, Equaterra and member of the BCS Working Party on Offshoring.

BOX 8.1 MANAGING ACROSS THE CULTURAL DIVIDE: ARRK GROUP

Nick Lapham has been a member of BCS for more than 20 years, having first joined while working on mainframes for ICL. Today Nick is Associate Director of Business Development at Arrk Group, which was founded in Manchester in 1998 to deliver project management services including interim IT directors. Several early major projects used offshore resources and by 2000 Arrk had decided to establish an offshore team in India.

Arrk UK and Arrk India deliver a range of software development and maintenance services and applications management and monitoring. Arrk has pioneered the concept of virtual offshore development centres, which are set up for organizations that view software development as key to their business. Often these businesses are independent software vendors or ebusinesses. Arrk establishes a baseline team in Mumbai, which is resourced and managed by Arrk staff, but importantly this team feels to the customer in all respects like their own team. These are long-term relationships, in which the Arrk UK team supports the customer in understanding how best to work with an Indian team. Customers include independent software vendors, an ebusiness providing a business intelligence service for the construction industry and the RAC. There is a particular focus on ecommerce projects, undertaken by the 200-plus staff in Arrk India.

Nick writes about the cultural and ethical values adopted by Arrk:

We have a blended culture among Arrk UK and Arrk India, as far as this is possible. We have a single managing director who now spends half his time in India and half in the UK (he has a flat and a car in Mumbai). Other senior Arrk staff spend much of their time in both countries, the Arrk India director spends up to 25 per cent of her time in the UK, and 50 per cent of all Arrk India staff have worked in the UK. Where delivery of offshore services often fails is in the bigger picture of what service quality means across a cultural divide. The interchange of staff between India and the UK, our integrated delivery methods, and single set of processes for human resources, finance and administration across the company goes a long way to build the blended culture that benefits our customers and staff.

Arrk recognizes that our people are our business, and therefore seeks to ensure that Arrk is a vibrant and dynamic place to work. People satisfaction surveys are taken annually. In the last survey the average satisfaction level across all questions was above 70 per cent with satisfaction levels across most questions being above 80 per cent. Our staff turnover in India is 14 per cent, and this is exceptionally low for the Indian software industry where staff attrition has been running at around 30 per cent over the past few years. Clearly these two points are linked, and Arrk values, culture and brand are compelling reasons for staff to stay with us.

We believe that corporations have a responsibility to play their part in improving society, both by behaving to the highest ethical standards at all times, and by working directly with the community. We have therefore formed the Arrk Foundation, to which Arrk donates 10 per cent of its profits, and which supports a variety of charities working to alleviate poverty and exploitation in India. Many Arrk colleagues also donate directly to the Foundation. We also work with schools that are local to our UK offices.

DATA PROTECTION AND PRIVACY ISSUES

In the global sourcing world, offshore outsourcing and associated data transfers are commonplace and increasing as suppliers search out lower wage countries, which may have even fewer data protections than the original offshore locations. Press

reports of criminal incidents involving personal data misuse in offshore locations raise worries on the safety and security of these locations, their companies and their IT processing of UK citizens' personal data. Roger Baker, a member of the BCS Working Party on Offshoring, writes about the importance of data protection:

In this environment, the 1998 Data Protection Act's 8th Principle on permitted data transfers to third countries, and associated 7th Principle security provisions, become critical protections for UK data subjects, and are crucial responsibilities of UK companies using offshore locations, and of their remaining UK-based IT professionals.

As such, it is the UK IT systems designer or IT manager who must ensure that each UK company or subsidiary upholds the stringent UK and European Economic Area data protection and security provisions not required in most offshore data-processing countries, but mandated within the UK, throughout Europe and in an increasing number of other countries (including the USA for financial services). While such protections are important for personal data, they are doubly so for sensitive personal data including health, religious and political information for which more stringent rules and protections apply.

A series of recent developments in the legislation over definitions, coverage, new contract terms and emerging use of binding corporate rules also need to be considered by companies that process data offshore. The key provisions of the legislation, the Data Protection Act's 7th and 8th Principles, are needed more than ever in the growing outsourced world (Baker, 2006). It is the responsibility of UK IT professionals to ensure these requirements are fully understood and met in their organizations, especially when some functions are moved offshore.

BCS championed the legislation initially and continues to promote such requirements, associated regulations and professional security standards through its specialist groups and ever-developing BCS publications, education and training materials. These need ongoing revision to meet the evolving legislation and offshore outsourcing needs. BCS can champion such exemplars of good practice as the UK banking sector to employers and IT professionals. Most significantly longer-term, as a thought leader, BCS can continue to influence the government and the European Economic Area development of the law and regulation in strengthening and updating data protections and security in the offshore context.

Brian Layzell, past member BCS Information Privacy Expert Panel, and Jean Roberts, BCS Health Informatics Forum, write about the special concerns surrounding health records:

The NHS in particular is very sensitive to privacy issues, especially data protection and confidentiality. All of the existing legislative requirements apply to health data except for options that may come into force where the Secretary of State can authorize use of identifiable data, without the consent of the patients concerned, in order to carry out research and other activities under Section 60 of the Health and Social Care Act 2001.

Like all other bodies under the 1998 Data Protection Act, each NHS organization has to recognize its responsibilities for processing data about individuals. This responsibility originates where the individual subject's record is held but there are many occasions where an authorized professional may need to access the record, and in some cases to update it, from a place outside the 'jurisdiction' of the Data Controller, from the national Data Spine, or from locations outside the home country. That remote body still has a duty to exercise proper legal control over any data held or accessed by them; whether the outsourcing organization is an independent controller or a processor who only operates as instructed.

Any location handling data on behalf of an NHS organization, for example an offshore data processing unit, needs to ensure no access is allowed that might risk serious harm to the physical/mental health or condition of the subject, or any other person;

or where giving access would disclose information relating to/provided by a third person who had not consented to disclosure. Where information is not readily intelligible, an explanation (perhaps of abbreviations or clinical terminology) must be given in order that errors are not introduced into their processing. For example the terms fetal and fatal can both be legitimate but to use one in the wrong circumstances could have significant ramifications.

In essence, when it comes to international transfers, there is no difference in the consideration of health data than with any other type of personal data. The data protection position in respect of transfers of sensitive personal data extra territorially is that it will be legal if it conforms to the basic requirements of both the Data Protection Act and the European Union Directive, and a risk analysis has been done.

SECURITY

Security is a wide subject covering physical, personnel, ICT technical and information issues, all of which are affected by an offshoring decision. For each element, security needs to be addressed at strategic, management and operational levels. The following security issues are relevant to any operation that is moved offshore.

- Any offshore initiative needs to be subject to a full risk analysis and risk management process, because although you may fully understand the operation as it functions in its current location at least some security risk depends on location and prevailing conditions.
- The business risk profile needs to reflect the environmental, political and cultural risks, as it does anywhere in the world. The overall security threat is affected by the likelihood of natural disaster, terrorist activity, civil unrest, crime, prevailing politics, competition rules and local business practices.
- Cultural issues need to be considered and understood, so that your company understands the behaviour and motivations of local employed staff and avoids upsetting local sensitivities and creating a hostile backlash.
- Technical risks are exacerbated by the dependence on long-distance communications and it may be necessary to install encrypted links.

All these factors need to be taken into account when developing disaster-recovery and business-continuity processes.

Security is increasingly recognized as a feature of corporate governance and forms part of the regulatory regime under which many companies are required to operate, particularly in the financial sector. A security strategy will bring together all aspects of personnel, physical and technical security to ensure that corporate requirements and appropriate regulatory obligations are being met. A key concern for company directors is that they can never rid themselves of their corporate responsibility for security.

The management of security can in theory be located wherever there are good direct communications channels and transport links to both the centre and the company's operations. In practice many operational security functions need to be based locally, dealing with local people, local buildings and plants and local technology. When operations are moved overseas, security staff will be needed at the offshore location to handle operational issues. It is sensible to consider colocating the security administrators and technicians who maintain the technical security elements of the computer and communications networks (firewalls and router configuration, user management and other services) with the IT support operation, wherever it is located.

Les Fraser, BCS Security Forum manager, writes:

In order to make the offshoring of any operation with an information systems security element (and this is probably all of them!) a success for everyone there are a few obvious rules.

- Understand clearly what your corporate responsibilities are – retain strategy, policy and direction even if you outsource the mechanics of implementation.
- Work to defined standards – in the security area ISO/IEC 17799 and BS7799 Part 2 (imminently to become the ISO 27000 series of international standards) are not only good standards in their own right, but useful for defining compliance in a contract situation because it gives both parties a properly defined security target.
- Make sure staff on both the offshoring and the onshore sides (not just the management) understand the demarcation lines, and the division of responsibility.
- Encourage team building – the onshore and offshore elements of your operation should want the same results, and they will achieve more if they work together.
- Don't expect miracles. If your process was not up to scratch before any move, it is unlikely to improve overnight.

BCS vice-president Brian Collins writes about BCS's security role:

By supporting all aspects of an individual's professional agenda, the BCS Security Forum has determined the Society will play a leading role in ensuring that professionalism in information assurance and security will add significant value and trustworthiness to the rapidly developing global information society and ebusiness world we all live in.

BOX 8.2 THE HOLE IN THE WALL PROJECT: NIIT

NIIT Technologies is a global IT solutions provider servicing customers in Asia Pacific, Europe, India, Japan and the USA. It provides services in application development and management in legacy, client-server, web and wireless technologies, integration solutions, data warehousing solutions, testing services, legacy applications re-engineering, package services and managed services. Dr Sugata Mitra, Head of NIIT's Research and Development, and Carl Stadler, write about the Hole in the Wall project:

In 1999, Dr Mitra conducted the largest experiment in alternative primary education in the world. How did he do this? He installed a computer, connected to the internet, into a slum wall and left it unsupervised, for use by children. The results were fascinating. The findings of the experiment suggested that groups of children could learn to use computers and the internet on their own, irrespective of who or where they were. This discovery was verified by extending the experiment to thousands of children in 30 villages spread throughout India, and subsequently in Cambodia and South Africa. NIIT and the World Bank formed a joint venture to undertake this large-scale experiment, which was soon widely known as the Hole in the Wall project, although its official title is Minimally Invasive Education Technology.

Minimally invasive education is new educational technology for achieving mass computer literacy, and some basic primary education, at a cost that is considerably lower than traditional alternatives. It employs learning models such as collaborative constructivism and a series of interlocking innovations, both technological and pedagogical. Computers are made available in shared, public spaces, free of charge and no structure is imposed on when, how or what children learn.

About 40,000 in-school and out-of-school children have been directly impacted by minimally invasive education in terms of the following research based outcomes:

(Continued overleaf)

- acquisition of functional computer literacy;
- improvement in academic performance;
- increase in confidence and self-esteem;
- increased collaborative behaviour.

Apart from data-based findings, there has been consistent anecdotal evidence of a large-scale impact on school enrolment, retention, concentration, attention span and problem-solving ability. Throughout, all instruction by adults and older youngsters was rigorously avoided. As a result, child teachers emerged at each of the experimental sites – typically, talented 6–8-year-old boys and girls who took on the teacher role and taught three or four generations of children to use the computers.

The Hole in the Wall experiments have resulted in a new, inexpensive and reliable method for bringing computer literacy and primary education to those areas where conventional schools are not functional. Such facilities are not meant to replace schools and teachers, they are meant to supplement, complement and stand-by for those areas of the world where good schools and good teachers are, for whatever reason, absent.

BCS PROFESSIONAL PRODUCTS FOR EMPLOYERS

BCS offers a range of products and services to help employers maximize the potential of their IT staff, as illustrated in Figure 8.1. The SFIPlus IT skills standard (see page 36) forms the basis of these products and services leading to accreditation. SFIPlus enables clear skills benchmarking of both individuals and jobs, while providing detailed pointers to training and development resources. The SFIPlus standard combines the nationally recognized model of IT skills, SFIA, with BCS's detailed Industry Structure Model.

BCS also offers consultancy services using BCS experts to help with the professional development of IT staff and departments. With more than 40 years of career development experience, BCS can additionally offer training as either in-house or public courses to help scheme participants, supervisors and coordinators realize the full potential of their investment as quickly as possible. Training programmes featuring best practice case studies focus on delivering real business benefits.

BCS professional development accreditation

This scheme recognizes best practice in employer IT training and development. It is a prestigious, independent seal of quality for organizations that demonstrates the competency of their IT staff through external benchmarking and validation by BCS. Achieving accreditation demonstrates an employer's commitment to supporting the professional development of staff and improving employee motivation and retention.

BCS audits the scheme against a set of critical success factors and key performance indicators developed over many years of experience examining successful career-development programmes. The accreditation assesses either an organization's own career development scheme or implementation of a BCS-designed scheme against a defined set of critical success factors based on best practice as followed by leading IT companies.

Benefits to the organization include:

- recognition as a leader in IT professional development;
- demonstration of a commitment to supporting the development of people;

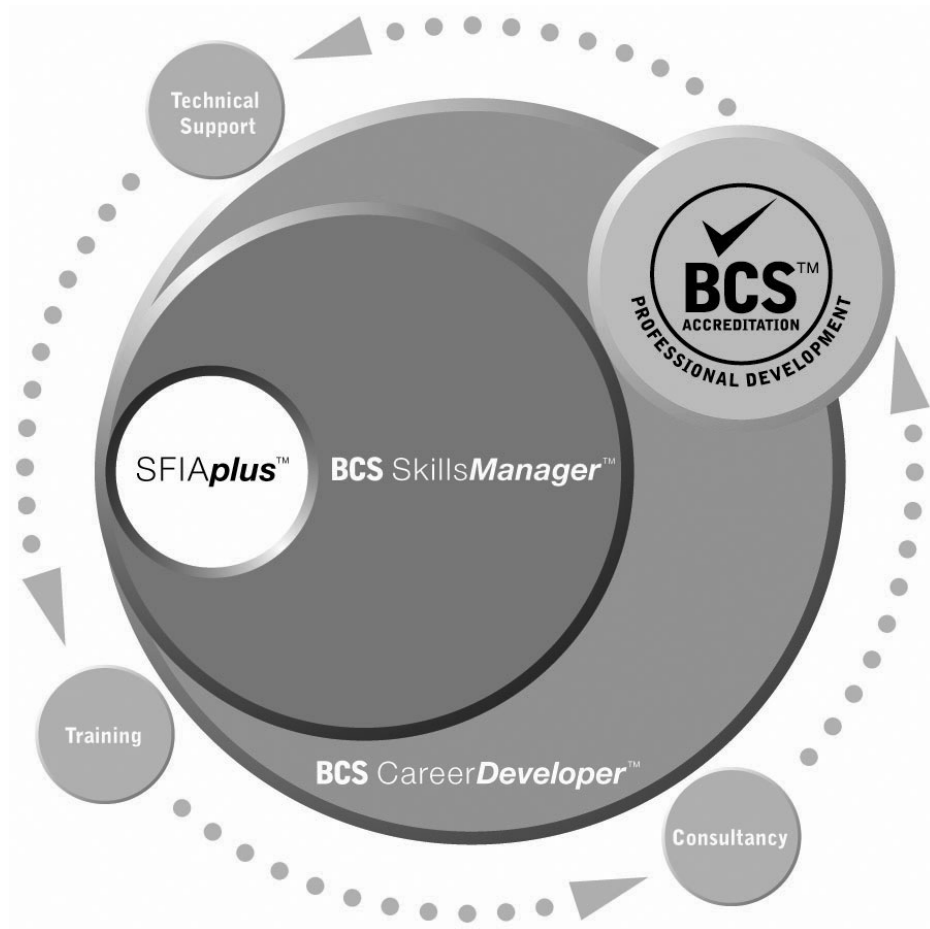


FIGURE 8.1 BCS professional products

- empowerment of IT staff to be proactive in their professional development;
- increased staff contribution and reduced turnover;
- help in attracting high-calibre graduates;
- differentiation from competitors when tendering;
- external benchmarking and validation of a company's professional development scheme;
- improved quality assurance, resource allocation to projects, skills gap analysis and succession planning;
- potential to help gain ISO 9000 accreditation and Investors in People.

Benefits to staff include:

- assurance of their employer's commitment to individual professional development;
- a proactive role in their professional development;
- confidence that their employer's development programme meets high standards that are independently validated;
- accelerated route to BCS membership.

Further information can be found at www.bcs.org/pda.

Career Developer

Organizations at the heart of government and leaders in the energy, pharmaceuticals and other industries are adopting BCS Career Developer as a hosted service via the internet. This powerful web-based solution helps employers define, manage and develop the IT skills within their organization. Correctly used as part of a professional development programme, Career Developer helps to ensure that the required skills are available to deliver projects on time. This product enables organizations to assess how closely current staff skills match business requirements and then to develop professional skills as part of a structured training and development programme.

An organizational skills inventory is built using the SFIPlus standard to provide consistency and traceability. With more than 250 tasks defined, team members can benchmark their skills and experience against SFIPlus in agreement with their manager. Team leaders and managers write job descriptions for all the positions in their teams and BCS Career Developer will show how well the skill needs of the business are met by the skills available (a gap analysis). When skills gaps have been assessed, Career Developer can be used to help develop staff to provide the missing expertise as part of appraisal, training and development cycles. Managers and staff agree development goals together and use Career Developer and SFIPlus as tools to help them ensure that goals are achieved. Further information can be found at www.bcs.org/careerdeveloper.

Skills Manager

This product is designed for companies looking for a software solution to help them identify and effectively manage the IT skills within their organization and to match business requirements against their employees' IT skills. Skills Manager creates a database of all IT staff, their skills and specialisms, and benchmarks these against SFIPlus standards to identify skills gaps and identify what skills are needed for particular projects. Corporate job descriptions for industry-recognized roles can be generated using SFIPlus and these define the level and work activities demanded by the position and the knowledge, skills, training and development that the post-holder will require. Skills Manager is a browser-based application available as an internet-hosted solution. It was developed in partnership with InfoBasis, a leading provider of skills management business solutions. Further information can be found at www.bcs.org/skillsmanager.

IT Job Descriptor

Available from May 2006, the new BCS IT Job Descriptor service is a browser-based solution using the SFIPlus standard to enable employers quickly to establish IT-industry job descriptions, staffing requirements, competencies, training to recognized standards and skills shortages.

IMPROVING THE SKILLS OF IT USERS

BCS is committed to raising national IT literacy standards and offers a range of qualifications to suit everyone. BCS manages and promotes many of these products in the UK under licence from the European Computer Driving Licence Foundation (ECDL-F), a not-for-profit organization dedicated to helping to raise the general level of computer skills in society and providing access for all to the information society. Further information about ECDL-F can be found at www.ecdl.com.

European Computer Driving Licence (ECDL)

ECDL is the world's leading end-user computer skills certification programme, available in 140 countries and translated into 36 languages. [Outside Europe the qualification is known as the International Computer Driving Licence (ICDL).] It is designed specifically for those who wish to gain a basic qualification in computing to help them with their current job, develop their IT skills and enhance their career prospects. No prior knowledge of IT or computer skills is needed to study for the ECDL.

ECDL was adopted as the reference standard for NHS staff in England in 2001. The NHS ECDL programme is managed by Connecting for Health for the NHS working closely with BCS.

Further information about ECDL can be found at www.ecdl.co.uk. For information about the NHS ECDL programme visit www.ecdl.nhs.uk.

equalskills

Specifically designed to address the needs of those intimidated by computers, equalskills is a short, staged training and assessment programme with a certificate awarded upon successful completion. The programme is informal and easy to use and shows newcomers to IT the very basics of computing from learning how to switch on a computer and use a mouse to exploring the internet for the latest holiday bargains. Further information can be found at www.bcs.org/equalskills.

e-Citizen

This qualification has been developed for individuals with little computer use experience who want to understand and use the internet and participate in the new information society. e-Citizen is designed to give people the tools they need to get onto the web, but also an awareness of the issues and dangers. The syllabus covers basic IT skills, using email, navigating the web and accessing information, using online services and simple web page creation. Further information can be found at www.ecitizen.co.uk.

BCS ITQ

BCS ITQ is aimed at anyone who uses IT in their job. It is a flexible qualification designed to build on candidates' existing skills and qualifications such as ECDL and encourage new learning. BCS ITQ gives people the ability to pick and choose the areas that they want to cover, be it for a business wanting to focus on improving certain IT skills within their workforce or for individuals looking to develop IT expertise. The qualification incorporates a set of different units, depending on the particular areas and skills levels the candidate needs. Units cover topics such as internet and intranet, email, specialist and bespoke software, spreadsheets, word-processing and presentation software. Further information can be found at www.bcsitq.co.uk.

BOX 8.3 TRADE UNIONS AND OFFSHORING: AMICUS

Amicus is the second largest union in the UK, with more than 1 million members drawn from both the public and private sectors and the largest union in the private sector. The union is in active discussion with a number of key companies in the ICT sector, with the aim of striking agreements to safeguard the future jobs and careers of employees affected by offshoring. Amicus estimates that, on average, an investment

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of £5,000 per employee for retraining and reskilling can produce a revenue return of £50,000 through redeployment (Skyte, 2005). 'Globalization may be an economic reality, but employers must continue to invest in people, skills and technology rather than engage in a race to the bottom', according to Peter Skyte, National Officer at Amicus.

In 2005 Amicus reached a landmark deal with global IT services company Computer Sciences Corporation (CSC), aimed at safeguarding the interests of employees faced by offshoring (Amicus, 2005). The agreement is believed to be the first of its kind in the IT sector and the first with an American company anywhere in the world. It covers CSC's world sourcing capability that delivers application services to clients from the optimal combination of onsite, regional, nearshore and offshore centres staffed with skilled IT professionals in a variety of locations worldwide.

For CSC it aims to provide flexibility to be able to offer customers equal or improved services at advantageous prices, enhancing competitiveness and delivering greater value. For Amicus it aims to safeguard job security and the skills and careers of its members and the workforce in general.

Key features of the agreement include:

- full and early consultation with Amicus on CSC's globalization strategy and proposals before decisions are made;
- a company commitment to the principle that its world sourcing activity in the UK will not result in the need for compulsory redundancy;
- redeployment to jobs of similar career value and terms and conditions of employment for those affected by work relocation;
- a share of continuing financial savings to be invested in skill development of the UK workforce;
- encouraging high standards of terms and conditions of employment with third-party suppliers and a commitment in new contracts to follow the company's Code of Ethics and internationally recognized guidelines covering employment rights and conditions.