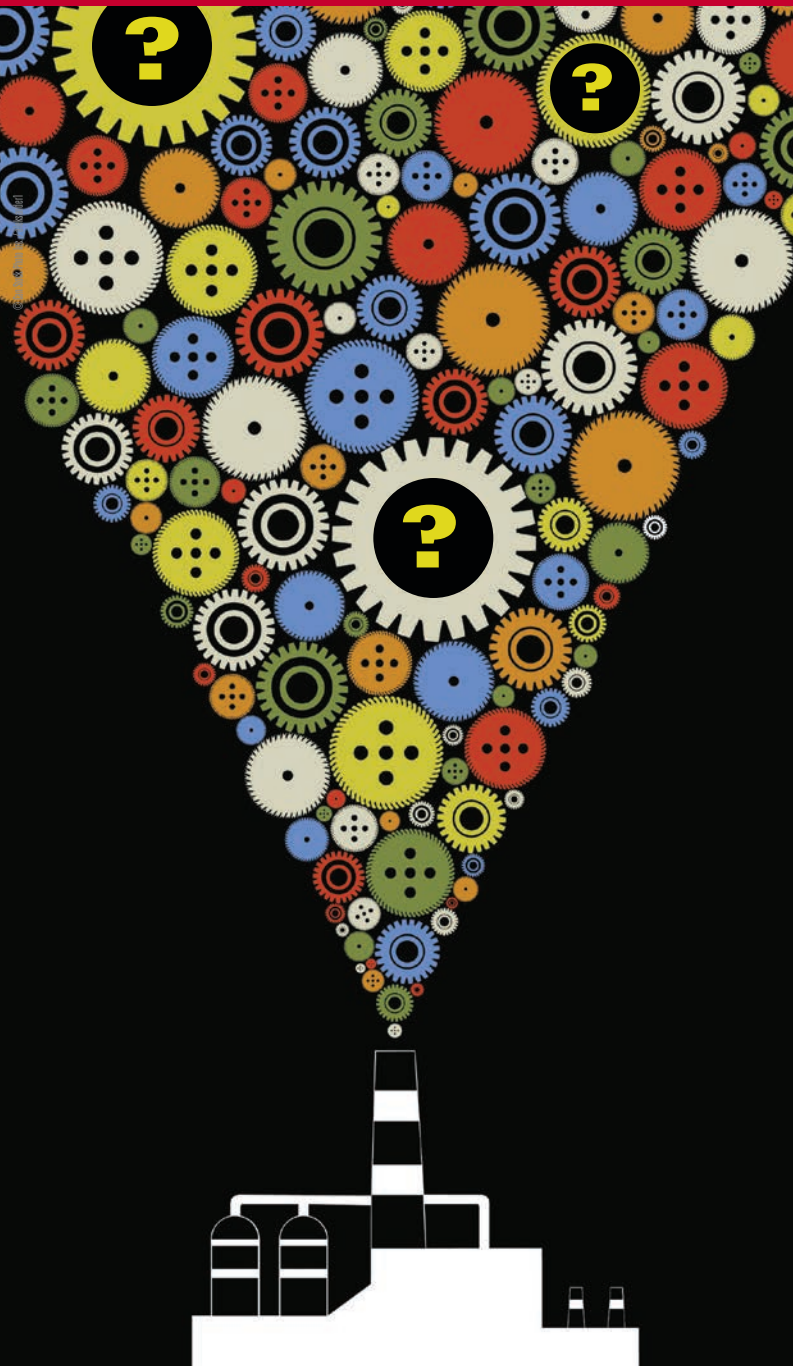


VIEWPOINT

The U.S. administration has spent vast amounts on economic development efforts on manufacturing. And from a trade perspective you can understand the logic. However, from a job creation perspective why focus only on manufacturing?

TIME FOR THE U.S. GOVERNMENT TO INVEST IN IT AND BPO DOMESTIC SOURCING



Manufacturing that comes back to the United States isn't the old, manually intensive creation of consumer goods; it is high-end niche manufacturing with a focus on new technology, not personnel. This won't create a short-term bump in jobs the administration is hoping to achieve.

It's time for the U.S. government to learn about the incredible opportunity IT and BPO (Business Process Outsourcing) or the Knowledge Services industry extends. Knowledge Services has a much higher potential for short and long term job creation in the U.S. that provides better paying jobs and capitalizes on the America's biggest asset, the innovativeness of its people. This article discusses the reasons why the U.S. government has disregarded services to date and provides a compelling argument as to why it's time to pay attention to services.

Washington Visit

To try and discover the reasons behind the lack of interest and focus from the U.S. government on the services sector and the lack of support or encouragement of the overall technology service and onshoring industry, I recently went to Washington, D.C. to meet with government officials.

In my conversations with senior representatives from various departments that support economic development and labor/job creation, two things became evident: the first was while the government was investing in manufacturing, there was mixed support that this was the right strategy and second, their ideas as to what outsourcing and domestic sourcing were and the opportunities they presented stemmed from negative press or they had little awareness at all.

In addition, most people I spoke with associated IT services outsourcing with the H-1B non-immigrant visa program which is utilized by large outsourcing companies to bring skilled foreign talent into the country, "stealing jobs from the American people." In a way, the focus on manufacturing has served as a distraction from looking into IT and BPO services, and outdated media coverage on what Knowledge Services represents has closed the door to an emerging opportunity - one that deserves opening.

Of the several officials I met with, only one person could tell me why the U.S. is focusing on manufacturing and not services.

A senior official admitted they felt it was a risky strategy to be putting all their eggs into the manufacturing basket - in trying to bring back manufacturing to the U.S. - and that

even the best case scenario would take a really long time to implement with no guarantee it was going to work. All admitted that they just didn't know a lot about the knowledge services industry and because the administration was pushing manufacturing, they prioritized manufacturing initiatives.

When asked about what they thought the potential was for domestic sourcing of IT and BPO services it became clear that there is a serious misunderstanding of what the services industry represented. Outsourcing was viewed as a bad word, synonymous with offshoring, and something to distance themselves from.

Some representatives had a nebulous idea that our discussion had something to do with call centers. A case in point, if you are to look at government events focused on promoting investments in the U.S. such as those organized by SelectUSA, you'll be hard pressed to find any presentations or discussions on the domestic sourcing or knowledge services industry. This complete lack of understanding and a belief in manufacturing's ability to create jobs are two key reasons why to date the government hasn't focused on services.

Call to Arms

To those of us who work in the services industry this lack of understanding means a call to arms. The services sector seriously lacks branding. Travelling from California to Atlanta, to speak at the recent Momentum 2013 conference, an inaugural meeting of minds to discuss the rise in domestic sourcing -- I sat next to a young man from Stanford University. A recent computer science graduate, he was working for a startup.

In the course of our conversation, I asked him if he had any interest in MIS (Management Information Services). He'd never heard the term, didn't know what MIS was or was even aware that this was an actual degree. Apart from landing at a startup, as a CS graduate, MIS could have been a possible career option for this young grad but the option was unknown to him; it wasn't even on the table for discussion. Right now America's edge is tech innovation—if the government doesn't invest in programs like Science, Technology, Engineering and Math (STEM) and help further awareness and education in this space then innovation will move somewhere else and we will lose that as well.

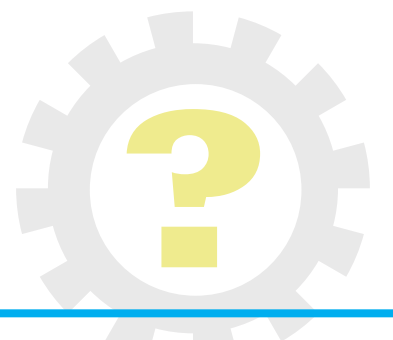
By working together, we can shed light on this critical subject. Job creation, and I am talking about quick job creation, in the services sector is much more effective and expeditious than in manufacturing. A recent assessment

my company did in a small community in North Texas of around 10,000 people is a small but poignant example. This community had a fairly depressed economy and its primarily rural jobs were gone.

A company recently set up a manufacturing plant. They hired seven low skilled workers and one highly skilled manager. Nearby, a call center opened, and they hired 100 people at higher wage rates than the plant. Services enable solid job creation in a very short period of time - and not only just lower level jobs.

With high levels of technology for manufacturing innovation - you don't/won't need to hire more people. Sure, this kind of manufacturing needs highly skill people to design equipment and manage it, but the hope for a hiring boom just isn't happening in the high-end niche manufacturing areas. The services sector covers the full range and mix of positions in the knowledge industry - creating jobs for people in customer service, finance, administration and business processes. At the high-end, you have IT services and product development -- all skilled jobs.

With an average salary for an IT professional starting at \$80,000, the U.S. government owes it to this country to focus on and invest in knowledge services just like it has in manufacturing. As the move to offshore is only over a decade old, we have a chance to keep -- as well as bring back -- some of these jobs while the knowledge still exists in the American people. If we wait 50 years to focus on keeping these jobs, we will have a much harder road ahead, just as manufacturing has now. As an industry we need to help better brand this sector in a positive light to attract and educate our youth and our government. And just as important -- we need to band together and have an organization similar to India's Nasscom that is dedicated to promoting U.S. outsourcing.



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