

# THE NAVIGATOR

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## Keen on Green

With rising energy prices squeezing profits, corporate managers are looking for alternatives. And there are signs that conservation measures – even those that don't cost a lot of money – are beginning to pay off.

Companies are finding new ways to save money and expand their markets by looking for ways to use less fossil fuel.

The potential savings are huge. Industrial use accounts for about a third of energy consumed in the U.S., according to Energy Dept. estimates. And by cutting back on just 20 percent of that consumption, American businesses could save close to **\$19 billion a year** at 2004 energy prices, according to a recent report by the National Association of Manufacturers. About 30 percent of those savings can be achieved with no capital investment, the report said.

Company managers are apparently already looking hard for savings. Last fall, some 30 percent of those surveyed by the Alliance to Save Energy said they had made energy management a critical part of their business plan. A third said they were undertaking major capital projects to cut energy costs. And a quarter said they were at least working on low-cost, one-time fixes to try to cut energy bills.

With energy prices trending higher, the threat to the bottom line continues to grow. That's made the motivation for conserving fuel more compelling. Some 65 percent of U.S. companies think that escalating energy prices pose a potential roadblock to their company's growth over the next 12 months.

*More inside.....*

"...80% of IT executives say that Green IT is growing in importance for their organization, and 43% say they consider a vendor's "greenness" when selecting their suppliers..." IDC U.S. 2007 Green IT Survey

Source: <http://www.msnbc.msn.com>

## U.S. IT Contingent Labor Is a Compelling Alternative to a Heavy Reliance on Indian Outsourcing

Companies that traditionally rely on India as the answer for “lower cost” offshore IT services are seeing a rapidly changing picture emerge that is driving them to seek a better solution closer to home. Skyrocketing salaries, high turnover, unreliable communications and increased geo-political risk are increasingly cited as the impetus for companies to rethink their Indian Outsourcing game plans and pull jobs back onshore. The search for a better answer has taken on heightened urgency recently for U.S. companies, as a weakening dollar has significantly increased the cost of IT services priced in India’s rupee. Terrorist attacks in Mumbai and the collapse of the fourth-largest Indian Outsourcer have combined to compel U.S. Executives to aggressively revisit their mix of onshore and offshore IT resources.

The once-hot Indian offshore outsourcing market cooled down substantially in 2008 due to the drastic slowdown in the global economy, especially the crisis in the financial services and automotive sectors, a large source of business for Indian outsourcing providers. Significant federal bailout money has been injected into these sectors, increasing the pressure to do business onshore. Add to that the appreciation of the rupee against the weakening dollar and its impact on labor, arbitrage and what was once a compelling financial advantage, has all but evaporated.

### Deep Concerns over India’s Outsourcing Industry

The recent meltdown of a leading Indian outsourcer was clearly a severe blow to the “India Inc.” brand. It raises doubts about the integrity and viability of other Indian companies and is causing U.S. Executives to reassess the risk/reward equation as a result. While many Indian companies are led by ethical and skilled leaders, this particular experience highlights the dangers and the many unknowns in entrusting critical work to firms halfway around the world. In the business of outsourcing, where suppliers build and maintain a customer’s vital software and handle sensitive, proprietary information, integrity and reputation are vital to building trust and confidence.

### Labor Costs Are Rapidly Rising in India

The reality is labor costs are increasing sharply in India. Forbes recently published some eye-opening statistics on wage inflation and attrition in India.

- Salaries rose 15.2% in 2008, up from 15.1% the previous year (the sixth consecutive year of salary growth above 10%).
- Information technology staff turnover rates have reached an all-time high in India at 28.9% per year.
- The cost advantage for offshoring to India used to be at least 1:6. Today, it is at best 1:3. As the 1:3 cost structure becomes 1:1.5, it will soon become inefficient to use Indian labor. The labor arbitrage equation will no longer balance in India’s favor.

### Total Costs Are Narrowing between India and U.S.

One of TCM’s clients shared the results of a comprehensive analysis of the difference between onshore and offshore cost of software by the line of code delivered over 18-24 months. Their analysis helped them find the best utilization of IT onshore/offshore development models to achieve critical IT objectives and projects. Tracking 25 discrete factors in the areas of finance, HR, test and development, they concluded that despite a significant labor cost advantage, at times as high as 3:1 in India, the total cost per line of code delivered was actually lower in the onshore model due to the other costs they incurred. These included the cost of turnover and its impact on schedule and quality, the cost of rewriting and retesting software and the cost of adding project staff to compensate for the drop in productivity caused by using less experienced resources.

### Companies Reduce Their Risk with Onshore Resources

CIOs are increasingly seeing the compelling advantage of geographic diversification and the use of onshore contingent resources as ways to contain costs and reduce risk.

- One of the largest U.S. payroll services providers has 45,000 employees worldwide, of which only 2,500 are in India. It has nearly 1,000 workers in Texas, is expanding in Georgia and opening a location in Mississippi. They are not moving its workforce to India -- it is diversifying geographically within the U.S.
- CIOs facing the challenges of this economic downturn and uncertainties in India outsourcing will hedge their bets another way – building up their in-house capabilities. They are looking at alternative strategies, like U.S.-based contingent labor, to augment their core teams, strengthen delivery and ensure they keep their IT capabilities close, affordable and reliable.
- Labor rates are dropping in the U.S., driving every CIO to revisit the question of whether two local resources can do the work of four offshore resources, yielding an almost equal net cost.
- The H1B visa squeeze means less flexibility to bring resources stateside when it is critical to the project, making the whole model more risky and less attractive.

If you are interested in enhancing your internal technology staff to rebalance your onshore and offshore IT capabilities and strengthen your total delivery capability, TCM can help. For more information, please contact Executive Vice President, Ed Gregory at 800-617-6172.

TCM, Ltd. was recently awarded the opportunity to provide contractor transitional support services and specific staff augmentation support for all US-based needs for one of the world’s leading manufacturers and marketers of quality consumer products. This Client’s products are sold in over 140 countries and territories. For fiscal year 2008, net sales were close to \$8 billion. The Client’s IT environment features multiple platforms across several countries and much of the work relates directly to their customer experience. Our partnership begins June 1<sup>st</sup> of this year and our team is currently preparing for this large and important initiative.

Continued.....



### Keen on Green.....

As many as half of all office workers in America who use a PC don't shut it down at the end of the day - **wasting \$2.8 billion and 20 tons of CO2 per year**, according to a recent study by 1E and the Alliance to Save Energy. Here are some good reasons to turn your PC off each night:

- Shutting the computer down and powering it back up doesn't waste additional energy. Any energy used to shut down and start is more than offset by the period of time that the PC spends totally switched off.
- Turning the computer off can save your company money. According to the study, **a U.S. company with 10,000 PCs will waste \$260,000 in energy throughout the year** due to computers that are powered up when no one is using them. It's one of the easiest things you can do to save energy. It only takes a few seconds each day, and if more people did it, the savings would be massive.
- **The power required to run all one billion of the world's PCs for just one night is enough to power the Empire State Building inside and out for 30 years.**
- PCs waste more than you'd think, especially for the many Americans who do not have an Energy Star computer. **The IT industry generates two percent of the world's carbon emissions each year, and about 40 percent of that comes from PCs. The total annual waste is equivalent to that of nearly 44 million cars.**

While some employees leave their computers on because they access their desktop remotely from home, or they share a computer with another employee, a full 27 percent of employees either forget, or decide against shutting it down because it takes too long. If you're one of these people:

- Try a low tech approach: Leave a post-it on your monitor that says "Shut me down" as a reminder.
- Play with your energy-saving settings. Configure your computer to **hibernate**, rather than just go to sleep.
- If you access your desktop remotely, turn off your monitor before you leave. You can also install **Wake-on-LAN**, which enables you to revive a computer remotely.
- Turn off your peripheral devices, such as speakers and printers, when they're not in use.
- Don't use a screen saver - they are energy wasters, and for new LCD screens, they're obsolete. Instead, configure your energy settings so that your computer goes to sleep after periods of inactivity.

Source: U.S. News and World Report

TCM, Ltd. has been selected as a preferred vendor for one of the world's largest IT software management firms. This prestigious client is a global company with headquarters in the United States and 150 offices in more than 45 countries. They serve more than 99% of Fortune 1000® companies, as well as government entities, educational institutions and thousands of other companies in diverse industries worldwide. This contract was extended only to a select group of six firms. TCM will be supporting this client's internal IT staff augmentation needs, specifically in the SAP space, as well as their SOW work.

***People might not get all they work for in this world, but they must certainly work for all they get.***

~ Frederick Douglass

TCM, Ltd. has partnered with a Solution Integrator's Federal Division to provide critical resources across many US States. This State level funded project will have a 12-18 month project duration and could span to dozens of State locations. TCM is providing a team of 14 QA Testers to perform critical functions on a Project within the Department of Health and Human Services (DHHS), to provide a new Medicaid Management Information System (MMIS). The new system will be managing various State's current and future Medicaid programs. DHHS intends to implement MMIS system and fiscal agent services to support the management and evolution of the State's Medicaid program. The TCM team is working onsite at the State's location and remotely to ensure all deliverable are met.

TCM project team functions include:

- Use test plan development, network, database and system administration skills to derive test requirements from solution designs, and business and functional requirements, and industry standards.
- Develop comprehensive test plans according to business, functional, and technical requirements.
- Use proficiency in test plan development skills and quality management software to manipulate systems to perform various testing techniques.
- Provide product testing and enablement expertise across configuration, development and test teams.
- Demonstrate mastery of writing and executing test plans, verifying results and escalating defects appropriately.
- Understand and analyze system impact during design reviews and product integration, and troubleshoot test failures.
- Use effective communication to share product and testing knowledge across configuration, development, and test teams.
- Use collaborative processes, effective interpersonal and active listening skills to work through challenges during configuration and development design reviews and technical meetings; and interact with internal and external customers.

TCM has been notified that we have been selected as prime supplier for one of the largest broadband and telecommunications companies in the U.S. This three year partnership will enable TCM to provide top IT talent within the areas of telecom and business solutions. With telecom and communications being such a critical piece of today's business environment, TCM looks forward to being an integral part of this client's national Contingent Workforce Program.

# Are spring showers in your forecast?



## Contract Employee or Subcontractor Referral:

A referral bonus of \$250 will be paid to the sponsor of a new TCM consultant (W2 or corp-to-corp) upon completion of the first 320 hours of work by the new consultant, and a second referral bonus of \$250 will be paid upon completion of 640 hours of work. This is now double what was offered previously!!

## Direct Hire/Permanent Placement:

A referral bonus of \$750 will be paid to the sponsor of a full-time placement candidate.

*Certain guidelines and restrictions apply. Please contact your Account Executive or Recruiter for complete details.*

## 2009 Challenges

1. Improving productivity and reducing operating expenses
2. Retaining customers
3. Generating incremental revenue
4. Providing an outstanding customer experience
5. Increasing use of self service systems
6. Reducing agent attrition
7. Identifying reasons customers call or email
8. Migrating to virtual environments
9. Improving the perception of the contact center
10. Preventing outsourcing for the wrong reasons

Source: DMG Consulting LLC, December 2008

## Be Prepared.....

### 1 in 10

Ratio of job seekers who said they blew an opportunity for a job because they got lost on the way to the job interview.

There are many ways to be unprepared for an interview: You haven't researched the company, you don't have any questions prepared, you didn't bring a copy of your résumé, etc. Plain and simple, do your homework before an interview. Explore the company online (get directions!), prepare answers to questions, etc. The more prepared you are, the more confident you will be going into an interview and the more employers will take you seriously.

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