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Sub : Debate on outsourcing by US corporations to India.

Presentation made by Mr. Rajiv Bhatia to Mr. Ashley Willis, Ex US Ambassador to India and members of the American Consulate at a CII meeting on June 24th, 2004.

"I guess politicians' across the world and parties within countries are more or less the same. They like to create hype around sensitive areas and having created fragility, try to bend the vote bank in their favor. What may seem to work in politics may be detrimental to sound economics and business.

The fact of the matter is that business is business and should be run in the most cost effective, efficient and durable ways. India followed a policy of protectionism and restrictions for decades and we have suffered for it. We have opened up considerably, more importantly we have modernized. Rather than pure liberalization of economic policies, their modernization appears to be the road ahead. In management studies it is observed by the Wharton school of business¹ that going forward, supply chains of expertise will compete against each other as opposed to inter corporate competition. The element of information technology as a facilitator of efficient business will only be one component of these supply chains. For the chain to compete every component must be efficient. The components would therefore exist in the best location - one with clear competitive advantages.

It is my belief that in the evolution of IT (as I have seen it closely since 1985) the recent years have seen its relevance increase and so has its complexity. Corporates have therefore let the function 'out' of the organization so as not to lose focus on their main lines of business activities often referred to as 'core competencies'. As the process gets commoditized over time, I believe it will come back to within the organization. However by then the organization will no longer be a single company but a supply chain of expertise. Therefore it may be concluded that the US must exercise caution while framing policies and ensure their adherence to sound management principles as advocated by their own institutions of repute (Wharton School in this case)."

Rajiv Bhatia
Director & Chief Opportunities Executive

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¹ "Business Processes Are Moving from the West to Other Parts of the World" - by Ravi Aron - professor of information and operations management at the Wharton School of the University of Pennsylvania & Jitender Singh professor of management at Wharton - September 2002.