



Submission No 30

Inquiry into Australia's relationship with India as an emerging world power

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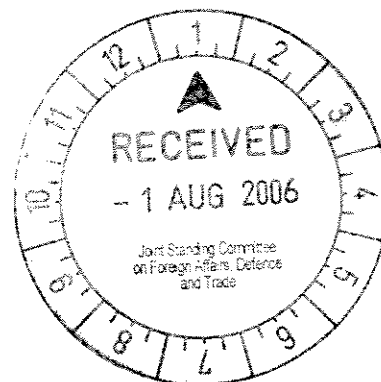
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UNISYS

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The Secretary of the Committee
Joint Standing Committee on Foreign Affairs, Defence and Trade
Department of the House of Representatives
PO Box 6021
Parliament House
CANBERRA ACT 2600

Dear Sir/Madam,

Thank you for inviting input from Unisys under the terms of the current **INQUIRY INTO AUSTRALIA'S RELATIONSHIP WITH INDIA AS AN EMERGING WORLD POWER**. The following comments primarily relate to *the strategic possibilities for both nations resulting from increasing globalisation and regional imperatives*.

Background

Unisys is one of the leading information technology outsourcing, networks and infrastructure companies worldwide. Australia Asia Pacific has 28 Offices across 12 countries including Australia, New Zealand, Singapore, Malaysia, Thailand, Philippines, India, South Korea, China, Hong Kong, Taiwan and Vietnam.

I am responsible for Unisys Asia Pacific Service Delivery Operations which oversees delivery of IT and related services across the Asia-Pacific region. The issues highlighted below reflect my perspectives on service delivery for Unisys Asia Pacific.


Today our operations in India arise primarily as a result the desire to source the best and most cost effective skills, expertise and resources, from wherever they may be based, ultimately for the benefit of our clients.

Offshoring vs International Sourcing

For the last decade, Unisys has moved towards global sourcing work which can be done in other countries more cost effectively. While we have kept pace with other organisations adopting similar business models, we did not seek to lead the way. Rather our approach has been based on the lessons learned by others.

Typically this has involved shifting pockets of work of a more repetitive and lower skill nature to lower cost markets such as India, Malaysia, the Philippines and China. An example is our global helpdesk operation, servicing both clients and staff in Australia, across Asia Pacific and worldwide, which now is based in Bangalore.

India has emerged as Unisys Asia Pacific's preferred offshore destination, which reflects the fact that India has become recognised internationally as a leading centre for offshoring work in the information technology (IT) sector.



This provides benefits to both our clients and to Unisys. The reduction in cost can be immediately passed on to our clients. The enhanced flexibility means immediate benefits for Unisys in scheduling and delivery on critical projects and support needs.

Moreover, through shifting lower cost, lower end work offshore, we are able to re-invest in R&D, through our Centres of Excellence (one such Centre currently being planned for Canberra) and in the development of more specialised technical skills here in Australia. The net effect in the Australian market is one of greater investment in better quality and value of work done here compared with offshore locations.

There also is undoubtedly a benefit to India and other offshoring destinations in investment, economic growth and regional stability. Over time, economic growth in countries such as India leads to export revenue for goods and services with other countries, including Australia. We see this in the current mineral boom with economic growth in China.

In more recent years, our offshoring approach has gradually been replaced by a Global 'Sourcing' Strategy. This represents a significant shift, identifying and classifying essential and specialist resources from around the world and investing in the best, wherever they are located.

In essence, we are moving beyond cost reduction, to improved investment in higher level skills, to accommodating global resource mobility and fluctuating skills needs internationally. We see this as further increasing the career development potential for our people so that they continue to be amongst world's best.

For further discussion

While our strategy is proceeding well, I would like to highlight one particular area worthy of further discussion.

In New Zealand we are able to take advantage of "blended teams" by bringing together local Unisys employees, contractors from companies in New Zealand and Indian resources for both operational requirements and in particular project based work. We have greater flexibility in pulling together resources globally for the purposes of particular client engagements, and in improving client outcomes such as reduced cost and increased speed to market. From our perspective it would be a very positive result if we were able to move closer to this approach in Australia. Unfortunately under the terms by which visas are currently administered in Australia, we are prevented from doing so.

Once again, I would like to thank you for the opportunity to comment on the Committee's Terms of Inquiry. These comments are obviously summary in nature and I would welcome the opportunity to discuss the issues further if it would assist.

Yours sincerely,



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