

50% increase in German IT-Outsourcing by 2010

Following a Gartner market-survey the total market volume of German IT-outsourcing is to rise from EUR 12,1 billion in 2006 to EUR 18,3 billion by 2010.

70% of the interviewed companies see their primary objective in cost-cutting. Senior Gartner analysts assert that only 35% of these companies dispose of an outsourcing-strategy. So apart from a short-term cost-cutting-focus two thirds have so far not developed a middle- and long-term strategy.

Garnter´s market observers see the highest growth potential in the fields of help desk, storage, disaster recovery and application software.

In 86% of German companies contracting an outsourcing partner is a top-management decision on CEO-level. Besides cost other criteria such as technical competence, experience and sustainability play a major role in the decision making process.

As far as offshoring-activities are concerned by the end of the year 17% of German companies are expected to benefit from outsourced IT-services in emerging markets, following 12% in 2005.

Concern about communication problems

A market-study of the 400 large and medium-sized German companies carried out by the meetbiz-research group revealed that 56% demand outsourcing services exclusively from partners based in the country. Talking about off-shoring these companies fear communication problems due to cultural differences and delays of services.

Source: Fritsch, Dr. Werner: Outsourcing in Deutschland, InformationWeek – das Praxismagazin für CIOs und IT-Manager, 2007-02-08

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Lack of 20.000 IT professionals in Germany

Following a BITKOM market survey, German's federal IT, telecommunication and new media association, German economy is short of as many as 20.000 IT professionals. Especially high-qualified software-developers, IT-consultants and IT-project managers are hard to find on the German labour market, as economy is picking up.

Every second company in the field of information and communication technology laments lack of specialised staff to be a major drawback for further business development. BITKOM estimates that 2500 vacancies will not be filled – even on the long run.

German IT-companies have been employing more and more university graduates. At the same time the country produces only about 14.000 computer-science graduates per year (only 5% of Indian graduates!), a number that has even fallen about 25% since 2000. Therefore hiring abroad is becoming more and more attractive. A quarter of IT-specialised companies already counts foreigners among their staff, another quarter is planning to hire foreigners in the near future. Difficult to solve bureaucratic hurdles however have proved to considerably diminish prospects for a quick solution of the problem. When it comes to working-permits non EU-citizens have to demonstrate an annual income of at least EUR 84.000 which makes BITKOM claim a liberalisation of the German immigration law.

Source: BITKOM press release, 2007-02-20

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Germany's big corporations to eliminate 145.000 IT-jobs - 55.000 jobs will go to off-shoring or near-shoring

Following an A.T. Kearney survey of Germany's top 500 companies as many as 145.000 internal IT-jobs in support and maintenance will be eliminated by 2011. This development comes along with an increase in IT-management positions; therefore the total reduction of IT-workforce in the country's big corporations will be about 120.000 posts.

Outsourcing, Off-shoring and more efficient processes will lead to a major re-organisation in IT-sourcing. Today most companies see their IT as an obstacle for company growth. Top executives are no longer willing to dedicate budgets to outdated legacy-landscapes, whose link to the company strategy remains unclear.

Contrary to first outsourcing experiences German companies nowadays put a lot of effort in an exact fitting of new outsourcing deals: Based on a precise and in-depth analysis of their IT they strive for optimum process definition and very specific subsequent outsourcing.

At the same time this development creates an additional need for IT-management positions, as requirements have to be traced, understood, bundled and formalised for external providers. The labour market for qualified engineers disposing of process-knowledge, however seems to become more and more a bottleneck for further IT-development.

145.000 go – but where to?

According to A.T. Kearney almost 40% (or app. 55.000 jobs) will go to local service providers. For off-shoring the consultancy has created 3 scenarios:

1. Under conservative assumptions 25% (or. 36.000 jobs) will go to off-shoring,
2. compared to 37,5% in their "realistic" szenario (54.000 jobs) or
3. 50% in an liberal szenario (equalling 72.000 jobs).

Following this trend interlocked processes are widely expected; external service providers will have to demonstrate local presence and attractive prices through near- and off-shore capacities.

Source: Computerwoche: Konzerne streichen 120.000 IT-Jobs, 2007-03-30

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Europe: Selected Fairs, Congresses and other Events

Source: Global BDA: 2007-07-01

In this issue we report selected events across Europe and various industry sectors. We will expand this section if this is interesting to our clients. Please let us know at [feedback\(at\)globalbda.com](mailto:feedback(at)globalbda.com)!

Event	Industry	Dates	Country
GAMES CONVENTION 2007	IT ITeS BPO	23.8.07	Germany
IFA 2007	Consumer Electronics	31.8.07	Germany
AUTOMAATIO 07	Automation	4.9.07	Finland
OFFSHORE EUROPE 2007	Oil	4.9.07	UK
DMS EXPO 2007 - Enterprise Content	IT ITeS BPO	11.9.07	Germany
DSEI 2007	Defense	11.9.07	UK
Dynamic SME through IT	IT ITeS BPO	11.9.07	Germany
62nd International Motor Show (IAA) Cars	Automobile	13.9.07	Germany
Nordic Rail 2007	Railways	9.10.07	Sweden
Eurotool 2007	Tools	10.10.07	Poland
Systems 2007	IT ITeS BPO	23.10.07	Germany
AEROEXPO 2007 - FLUGZEUGBAU & LUFTFAHRT	Aeronautics	26.10.07	Maroc
Interop 2007 - Business Technology Marketplace	IT ITeS BPO	6.11.07	Germany
Central European Outsourcing Forum	IT ITeS BPO	7.11.07	Poland
CRM-expo 2007	IT ITeS BPO	7.11.07	Germany
15th World Digital Publishing Conference	Publishing	8.11.07	Ireland
European Banking & Insurance Fair 2007	Financial Services	20.11.07	Germany
CeBIT 2008	IT ITeS BPO	4.3.08	Germany
EUROSATORY 2008	Defense	16.6.08	France

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- [Spain: Market increase in outsourced security management](#)
- [Austria: Increasing interest of SME's in IT-Outsourcing](#)
- [Germany: New Concept for CeBIT 2008](#)
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