

Press Release:

## IT outsourcing: German companies backtrack away from offshore projects

- Domestic IT service providers lead the way in communication, quality and deadline dependability

**Hamburg, June 10, 2010 – German companies are distinctly more satisfied with their native IT service providers than with exotic offshore providers. According to a survey conducted by Harvard Business Manager, domestic (onshore) providers are receiving better marks, especially in terms of communication and coordination. Evaluating the same way marks are given in school, IT experts have awarded local service providers with a respectable “good”. In contrast, farshore providers, for instance from China or India, are being evaluated merely as “sufficient”. For a large majority of German decision-makers in IT, an initial phase of euphoria regarding supposed cost savings overseas has meanwhile been followed by disillusionment. Native providers like INFO AG are profiting from this.**

“According to experts, the serious communication and coordination problems with farshore service providers can be primarily traced back to cultural barriers and the large spatial distance involved. These come to bear, for example, in a very different dependability in keeping to deadlines,” says Thomas Stoek, a member of the Board of Directors at INFO AG. Whereas domestic IT service providers roughly averaged “good” marks on this point, farshore companies were awarded merely “sufficient”. A similar picture emerged in terms of the quality of products and services. The study’s findings came up with a “good plus” for native service providers against “satisfactory” for providers abroad.

Companies operating on an international scale know how to make successful use of the advantages posed by domestic IT service providers. For instance Magna Car Tops Systems, a subsidiary of Magna, the globally active automotive supplier, commissioned INFO AG with setting up and operating the SAP system landscape at its Hamburg location. By choosing INFO AG the company is ruling out the risks that occur regularly when a farshore service provider is contracted. “We have accumulated years of experience in Germany from operating what are currently over 300 SAP systems while providing handling and stewardship for more than 40,000 SAP end users at our SAP Service Center,” says Stoek. “With this kind of experience behind us, we work as a German onshore company together with our mid-sized customers in their mother tongue and at eye level.” The benefits of domestic quality in products and services along with the assurance that the parties involved are not talking at cross purposes due to cultural differences weigh large in the overall calculation for an IT outsourcing project. The reason: Unexpected delays or substandard work caused by problems understanding each other generate costs that eliminate alleged advantages due to lower wages and – at the bottom line – end up exceeding what was saved.